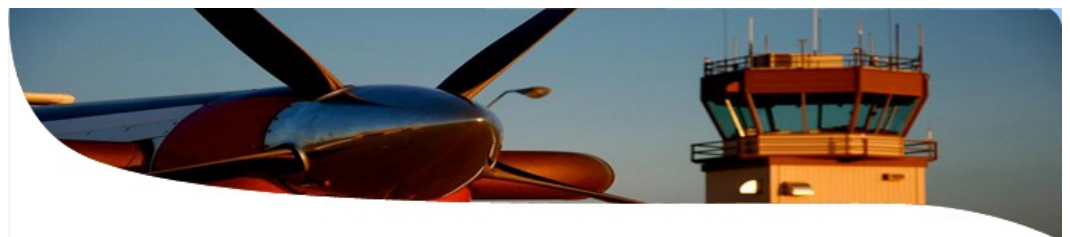


# Report on Audit of Financial Statements

## June 30, 2010

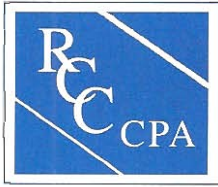


**City of Enid, Oklahoma**  
**Report on Audit of Financial Statements**  
**June 30, 2010**  
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**City of Enid, Oklahoma**  
**Report on Audit of Financial Statements**  
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# Ronald C. Cottrell, CPA

## Independent Auditor's Report

August 25, 2011

City Council  
City of Enid  
Enid, Oklahoma

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of and for the year ended June 30, 2010, which collectively comprise the City of Enid's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Enid's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of Pegasus, Inc. or the Enid Regional Development Alliance which represent all of the assets, net assets, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it related to the amounts included for Pegasus, Inc. and the Enid Regional Development Alliance are based on the reports of other auditors.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of Enid's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the basic financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the report of the other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of the other auditors, the financial statement referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of June 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note VII. G. to the financial statements, the City of Enid made adjustments to beginning net assets for business-type activities in the government-wide financial statements, and to the Enid Municipal Authority, Enid Economic Development Authority, Woodring Airport, and other non-major enterprise funds in the fund financial statements to correct errors in the prior year's financial statements.

## Ronald C. Cottrell, CPA

In accordance with *Government Auditing Standards*, we have also issued our report dated August 25, 2011, on our consideration of the City of Enid's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages 3 through 11 and 45 through 47 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Enid's basic financial statements. The accompanying schedules of expenditures of federal and state awards are presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and are not a required part of the basic financial statements. The accompanying combining and individual nonmajor fund financial statements listed under supplementary information in the table of contents are presented for purposes of additional analysis and are not a required part of OMB Circular A-133 or the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Ronald C. Cottrell, CPA

**City of Enid, Oklahoma**  
**Management's Discussion and Analysis**  
**June 30, 2010**

The following discussion and analysis of the City of Enid's (the City) financial performance provides an overview of the City's financial activities for the fiscal year ended June 30, 2010. Please read it in conjunction with the City's financial statements, which begin on page 12.

**Financial Highlights**

- ❖ The assets of the City of Enid exceeded its liabilities at the close of the most recent fiscal year by \$ 167,878,312 (net assets). Of this amount, \$ 5,757,648 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.

During the year, the government's total net assets increased by \$ 11,552,946. This is mainly attributed to this year's operations. Business type activities accounted for \$ 9,465,657 while governmental activities contributed \$ 2,087,289.

- ❖ At the close of the current fiscal year, the City of Enid's governmental funds reported combined ending fund balances of \$ 47,125,789, a decrease of \$ 1,234,358 in comparison with the prior year. Approximately \$ 19,466,039 is available for spending at the government's discretion (unreserved fund balance).
- ❖ At the end of the current fiscal year, unreserved fund balance for the general fund was \$ 10,551,677, or 27 % of total general fund expenditures and transfers out.
- ❖ The City's debt decreased by \$ 6,147,150 during the current fiscal year.

**Overview of the Financial Statements**

This discussion and analysis is intended to serve as an introduction to the City of Enid's basic financial statements. The City of Enid's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

**Government-wide financial statements.** The government-wide financial statements are designed to provide readers with a broad view of the City of Enid's finances, in a manner similar to a private-sector business.

The statement of net assets presents information on all of the City of Enid's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of Enid is improving or deteriorating.

The statement of activities presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in the future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City of Enid that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of Enid include general government, public safety, public works, and culture and recreation. The business-type activities of the City of Enid include the Enid Municipal Authority which includes the City's water, wastewater, landfill, and sanitation utility operations.

The government-wide financial statements can be found on pages 12–13 of this report.

**Fund Financial Statements.** A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of Enid, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Enid can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

**Governmental funds.** Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains nineteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund police fund and fire fund, all of which are considered to be major funds. Data from the other sixteen governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City adopts an annual appropriated budget for its general fund, police fund, and fire fund. A budgetary comparison statement has been provided for these funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 14–16 of this report.

**Proprietary funds.** The City maintains one type of proprietary fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for the Enid Municipal Authority operation.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide information for the Enid Municipal Authority, which is considered to be a major fund of the City. The City maintains seven proprietary funds. Data from the other six proprietary funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor proprietary funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 17–19 of this report.

**Fiduciary funds.** Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City’s own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 20–21 of this report.

**Notes to the financial statements.** The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 22–44 of this report.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s actual revenues and expenditures on a budgetary basis compared with the original and final budgets for the general fund, police fund, and fire fund.

Required supplementary information can be found on pages 45–47 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information on budget and actual revenues and expenditures for the general fund, police fund and fire fund.

Combining statements and schedules can be found on pages 48–54 of this report.

## **Government-Wide Financial Analysis**

As noted earlier, net assets may serve over time as a useful indicator of a government’s financial position. In the case of the City’s governmental activities, assets exceeded liabilities by \$ 87,504,234 at the close of the most recent fiscal year. The business-type activities assets exceeded liabilities by \$ 80,374,078.

By far the largest portion of the City’s net assets (64 %) reflects its investment in capital assets (e.g., land, buildings, improvements, vehicles, and equipment); less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

See disclaimer in accompanying Independent Auditor’s Report.



**City of Enid**

Net Assets

June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Totals	
	2009	2010	2009	2010	2009	2010
Current assets	\$ 48,168,808	\$ 52,996,368	\$ 29,418,136	\$ 27,334,530	\$ 77,586,944	\$ 80,330,898
Capital and other noncurrent assets	47,542,666	45,895,573	98,887,123	95,640,397	146,429,789	141,535,970
Total assets	95,711,474	98,891,941	128,305,259	122,974,927	224,016,733	221,866,868
Current liabilities	3,031,030	6,634,643	4,806,731	7,554,829	7,837,761	14,189,472
Long-term liabilities	5,176,210	6,840,353	43,124,450	44,511,677	48,300,660	51,352,030
Total liabilities	8,207,240	13,474,996	47,931,181	52,066,506	56,138,421	65,541,502
Net assets:						
Invested in capital assets, net of related debt	42,220,678	38,798,660	64,892,227	55,969,030	107,112,905	94,767,690
Restricted	26,894,598	24,775,286	28,113,161	25,082,276	55,007,759	49,857,562
Unrestricted	18,388,958	21,842,999	(12,631,310)	(10,142,885)	5,757,648	11,700,114
Total net assets	\$ 87,504,234	\$ 85,416,945	\$ 80,374,078	\$ 70,908,421	\$ 167,878,312	\$ 156,325,366

An additional portion of the City's net assets (33%) represents resources that are subject to external restrictions on how they may be used either by external groups such as creditors, grantors, or laws and regulations of other governments, or by law through constitutional provisions or enabling legislation. The remaining balance of unrestricted net assets \$ 5,757,648 may be used to meet the government's ongoing obligations to citizens and creditors.

The government's net assets increased by \$ 11,552,946 during the current fiscal year; mainly attributed to an excess of revenues over expenses from operations.

**City of Enid**

Statement of Activities

Years Ended June 30, 2010 and 2009

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Program revenues:						
Charges for services	\$ 3,144,743	\$ 2,429,230	\$ 21,178,561	\$ 19,745,041	\$ 24,323,304	\$ 22,174,271
Grants/contributions	1,218,391	1,496,360	2,322,667	981,180	3,541,058	2,477,540
General revenues	32,880,192	35,833,545	2,126,121	2,942,208	35,006,313	38,775,753
Total revenues	37,243,326	39,759,135	25,627,349	23,668,429	62,870,675	63,427,564
Expenses:						
General government	6,013,945	6,089,644	-	-	6,013,945	6,089,644
Public safety	15,317,562	14,742,574	-	-	15,317,562	14,742,574
Public works	7,217,032	13,030,183	913,916	989,995	8,130,948	14,020,178
Culture and recreation	2,062,614	2,065,952	1,580,506	1,382,359	3,643,120	3,448,311
Utility operations	-	-	14,714,712	15,124,997	14,714,712	15,124,997
Airport	-	-	1,318,158	1,295,583	1,318,158	1,295,583
Economic development	-	-	1,913,968	1,790,110	1,913,968	1,790,110
Other	265,316	274,123	-	-	265,316	274,123
Total expenses	30,876,469	36,202,476	20,441,260	20,583,044	51,317,729	56,785,520

See disclaimer in accompanying Independent Auditor's Report.

	Governmental Activities		Business-Type Activities		Totals	
	2010	2009	2010	2009	2010	2009
Increase in net assets before transfers	6,366,857	3,556,659	5,186,089	3,085,385	11,552,946	6,642,044
Transfers, net	(4,279,568)	5,834,334	4,279,568	(5,834,334)	-	-
Increase in net assets	2,087,289	9,390,993	9,465,657	(2,748,949)	11,552,946	6,642,044
Net assets, beginning, as restated	85,416,945	76,025,952	70,908,421	73,657,370	156,325,366	149,683,322
Net assets, ending	\$ 87,504,234	\$ 85,416,945	\$ 80,374,078	\$ 70,908,421	\$ 167,878,312	\$ 156,325,366

**Governmental activities.** Governmental activities increased the City's net assets by \$ 2,087,289. The key element of this increase is as follows:

- Net transfers in from the Enid Municipal Authority.

**City of Enid**  
Governmental Activities  
Years Ended June 30, 2010 and 2009

	Program Revenues		Cost of Services	
	2010	2009	2010	2009
General government	\$ 720,126	\$ 720,879	\$ 6,013,945	\$ 6,089,644
Public safety	2,498,362	1,705,032	15,317,562	14,742,574
Public works	1,055,719	1,287,147	7,217,032	13,030,183
Culture and recreation	88,927	212,532	2,062,614	2,065,952
Interest on long-term debt	-	-	265,316	274,123
Total governmental activities	\$ 4,363,134	\$ 3,925,590	\$ 30,876,469	\$ 36,202,476

**Business-type activities.** Business-type activities increased the City's net assets by \$ 9,465,657. The key elements in this increase are:

- Automatic rate increases and increased water consumption by our largest industrial customer, Koch Industries.
- Large increase in grants/contributions.
- Cost containment evidenced by slight reduction in expenses, particularly with utility operations.

**City of Enid**  
Business-Type Activities  
Years Ended June 30, 2010 and 2009

	Program Revenues		Cost of Services	
	2010	2009	2010	2009
Utility operations	\$ 20,312,480	\$ 17,856,387	\$ 14,714,712	\$ 15,124,997
Airport	1,663,937	1,499,920	1,318,158	1,295,583
Golf	365,797	420,181	565,658	424,181
Economic development	-	-	1,913,968	1,790,110
Community center	232,940	133,360	1,014,848	958,178
Transit	926,074	816,373	913,916	989,995
Total business-type activities	\$ 23,501,228	\$ 20,726,221	\$ 20,441,260	\$ 20,583,044

See disclaimer in accompanying Independent Auditor's Report.

## Financial Analysis of the Government's Funds

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$ 47,125,789, a decrease of \$ 1,234,358 in comparison with the prior year. Approximately 41 % of this total amount (\$ 19,466,039) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed for such things as capital improvements, debt service, or encumbrances.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unreserved fund balance of the general fund was \$ 10,551,677. As a measure of the general fund's liquidity, it may be useful to compare fund balance to total fund expenditures. Unreserved fund balance represents 27 % of total general fund expenditures and transfers out.

The fund balance of the City's general fund decreased \$ 2,269,743 during the current fiscal year, primarily due to deficit spending to fund general fund operations in accordance with the approved City Commission budget.

The police fund has a total fund balance of \$ 3,510,858. The net decrease in fund balance during the current year was \$ 1,417,121. A dedicated sales tax, miscellaneous revenue, and transfers from the general fund produced inflows of \$ 7,732,527 in the current fiscal year, while expenditures and transfers out during the current period were \$ 9,149,648. This resulted in the overall decrease in fund balance.

The fire fund has a total fund balance of \$ 2,299,377. The net increase in fund balance during the current year was \$ 224,246. A dedicated sales tax, miscellaneous revenue, and transfers from the general fund produced inflows of \$ 6,503,488 in the current fiscal year, while expenditures during the current period were \$ 6,279,242 resulting in the overall increase in fund balance.

The capital improvements fund had a total fund balance of \$ 9,143,352. The net decrease in fund balance during the current year was \$ 1,749,264, due primarily to capital improvement spending planned and approved by the City Commission. Transfers of sales taxes, governmental grants and other miscellaneous revenues resulted in total inflows of \$ 1,215,733, while expenditures totaled \$ 2,964,937, resulting in the net decrease in fund balance.

**Proprietary funds.** The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net assets of the Enid Municipal Authority at the end of the year amounted to (\$ 12,454,567). The total increase in net assets was \$ 9,004,221. Operating revenues showed an increase of \$ 1,456,873 while operating expenses decreased by \$ 381,982. The changes in operating revenues and expenses were due to:

- Automatic rate increases and increased water consumption by our largest industrial customer, Koch Industries.

See disclaimer in accompanying Independent Auditor's Report.

- Cost containment evidenced by slight reduction in expenses in our utility departments.

The Enid Economic Development Authority showed total net assets of \$ 635,285, a decrease of \$ 385,435, mainly due to planned purchases of property in the downtown area in preparation for a major downtown improvement.

The Woodring Airport had total net assets at year-end of \$ 13,468,908, an increase of \$ 611,906 from the previous year, due mainly to capital grant revenues from FAA for airport improvements.

### **Budgetary Highlights of Major Governmental Funds**

The general fund budget increased by \$ 581,261 for departmental expenditures and \$ 95,000 for transfers out during the year with no increases in estimated revenues or transfers in. Several departmental budgets increased, such as human resources, legal, general government, treasury and budget, management services, code enforcement, engineering, maintenance and technical services, street, park/storm water, and capital outlay, while others such as administration decreased during the year.

Revenues received were below budget estimates by \$ 524,987, and actual expenditures and transfers were less than final budget appropriations by \$ 1,182,571, resulting in an overall net change in fund balance of \$ (2,717,677). As a result, the City had to use a portion of its fund balance to cover expenditures and transfers.

The police fund showed a slight increase in its budgeted expenditures during the year. Its actual revenues and transfers in totaled \$ 7,721,769, which was less than budget estimates by \$ 105,731. Expenditures and transfers out of \$ 9,186,735 were less than budgeted by \$ 1,727,432 resulting in an overall net change in fund balance of \$(1,464,966).

The fire fund increased its expenditure budget during the year by \$ 1,325,646, while revenues remained the same as originally estimated. Actual revenues and transfers in totaled \$ 6,627,917, a deficit of \$ 181,998 in comparison with budget estimates. Expenditures and transfers totaled \$ 7,539,390, which was less than the final budget appropriation by \$ 1,095,446, resulting in a net change of \$ (911,473), thereby requiring the use of the fund balance carryover to help cover the expenditures.

### **Capital Asset and Debt Administration**

**Capital assets.** The City's investment in capital assets for its governmental and business-type activities as of June 30, 2010, amounts to \$ 139,894,521 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements, vehicles and equipment, and infrastructure.

Major capital asset events during the current fiscal year included the following:

- Hoover Park splash pad.
- Rolling Acres drainage improvement.
- Landfill compactor.
- Downtown property purchases; One Stop, LLC property
- Side loading trash trucks.

See disclaimer in accompanying Independent Auditor's Report.

**City of Enid**  
**Capital Assets**  
June 30, 2010 and 2009  
(net of depreciation)

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
Land	\$ 2,205,254	\$ 2,276,478	\$ 4,552,566	\$ 2,933,211	\$ 6,757,820	\$ 5,209,689
Construction in progress	10,534,068	12,514,786	16,098,119	14,245,097	26,632,187	26,759,883
Buildings	4,729,211	4,278,489	4,505,475	2,842,308	9,234,686	7,120,797
Improvements	25,898,923	23,465,079	57,949,959	58,386,013	83,848,882	81,851,092
Equipment	1,686,190	1,234,828	6,617,735	6,748,872	8,303,925	7,983,700
Vehicles	2,434,327	2,057,196	2,682,694	2,672,798	5,117,021	4,729,994
Capital assets, net	<u>\$ 47,487,973</u>	<u>\$ 45,826,856</u>	<u>\$ 92,406,548</u>	<u>\$ 87,828,299</u>	<u>\$ 139,894,521</u>	<u>\$ 133,655,155</u>

Additional information of the City's capital assets can be found in Note V.D. on pages 32–33 of this report.

**Long-term debt.** At the end of the current fiscal year, the City had total debt outstanding of \$ 49,793,659. This represents general obligation bonds of \$ 5,250,000; bonds secured solely by specified revenue sources (i.e., revenue bonds and notes) totaling \$ 18,616,732 (plus deferred interest of \$ 15,393,175 and net of unamortized discounts of \$ (196,489); tax apportionment bonds (TIF) of \$ 7,216,169; other notes payable to other governmental entities of \$ 1,304,000; \$ 64,198 in capital lease obligations; \$ 515,255 in judgments against the City; and the long-term portion of accrued compensated absences totaling \$ 1,630,619.

**City of Enid**  
**Outstanding Debt**  
June 30, 2010 and 2009

	Governmental		Business-Type		Totals	
	Activities		Activities			
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 5,250,000	\$ 7,000,000	\$ -	\$ -	\$ 5,250,000	\$ 7,000,000
Revenue bonds	-	-	12,055,000	17,855,000	12,055,000	17,855,000
Tax apportionment bonds (TIF)	-	-	7,216,169	7,034,550	7,216,169	7,034,550
Deferred interest on bonds	-	-	15,393,175	14,464,947	15,393,175	14,464,947
Unamortized bond discounts	-	-	(196,489)	(398,436)	(196,489)	(398,436)
Notes payable	-	-	7,865,732	8,260,175	7,865,732	8,260,175
Capital lease obligations	17,295	28,196	46,903	68,671	64,198	96,867
Judgments	515,255	540,320	-	-	515,255	540,320
Compensated absences	1,402,487	1,299,730	228,132	209,729	1,630,619	1,509,459
Total outstanding debt	<u>\$ 7,185,037</u>	<u>\$ 8,868,246</u>	<u>\$ 42,608,622</u>	<u>\$ 47,494,636</u>	<u>\$ 49,793,659</u>	<u>\$ 56,362,882</u>

See disclaimer in accompanying Independent Auditor's Report.

The City's total debt decreased \$ 6,147,150 during the current fiscal year. The key factors in this decrease were:

- Making the first principal payment on the 2008 General Obligation Bond debt.
- Paying off the 1999 Revenue Bond.

Additional information on the City's long-term debt can be found in Note V.F. on pages 34–37 of this report.

### **Economic Factors and Next Year's Budgets and Rates**

The City's elected and appointed officials considered many factors when setting the fiscal-year 2010–2011 revenue and expense budgets.

When setting the fiscal year 2010 expenditure budget, the city's officials kept increases in expenditures to a minimal, taking into consideration routine increases in salary and benefits and the volatile nature of the economy related to fuel costs and its effect on required materials and supplies needed to supply city services.

The City will be looking at using General Obligation Bonds and Revenue Bonds in the future to increase the funding available to build and repair infrastructure such as streets, water lines, sewer lines, and storm water drains.

The City has three recognized unions, the American Federation of State, County, and Municipal Employees (AFSCME), the Fraternal Order of Police (FOP), and the International Association of Fire Fighters (IAFF). The City completed one year agreements for 2010-2011 with all three unions.

### **Requests for Information**

This financial report is designed to provide our citizens, taxpayers, customers, and investors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact the City of Enid's Chief Financial Officer, at City of Enid, Post Office Box 1768, Enid, Oklahoma 73702–1768 or telephone (580) 616-7280. You may also visit our website at [www.enid.org](http://www.enid.org) for more budgetary and contact information.

**City of Enid, Oklahoma**  
**Statement of Net Assets**  
**June 30, 2010**

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Current assets:			
Cash and cash equivalents	\$ 1,032,487	\$ 242,664	\$ 1,275,151
Investments	30,462,816	-	30,462,816
Receivables (net of allowance for uncollectibles):			
Accounts	42,904	3,017,216	3,060,120
Taxes	5,285,303	99,846	5,385,149
Interest	110,620	18,199	128,819
Due from other governments	250,879	1,694,689	1,945,568
Internal balances	5,643,103	(5,674,456)	(31,353)
Inventories	544,789	69,402	614,191
Restricted assets:			
Cash and investments	4,795,907	29,950,576	34,746,483
Total current assets	<u>48,168,808</u>	<u>29,418,136</u>	<u>77,586,944</u>
Noncurrent assets:			
Debt issuance costs (net of accumulated amortization)	54,693	782,561	837,254
Investments	-	5,698,014	5,698,014
Capital assets (net of accumulated depreciation)	47,487,973	92,406,548	139,894,521
Total noncurrent assets	<u>47,542,666</u>	<u>98,887,123</u>	<u>146,429,789</u>
Total assets	<u>95,711,474</u>	<u>128,305,259</u>	<u>224,016,733</u>
<b>Liabilities</b>			
Current liabilities:			
Accounts payable and accrued liabilities	865,381	33,587	898,968
Payable from restricted assets:			
Accrued interest payable	-	594,821	594,821
Customer deposits	-	713,706	713,706
Deferred revenue	156,822	-	156,822
Current portion of long-term obligations	2,008,827	3,464,617	5,473,444
Total current liabilities	<u>3,031,030</u>	<u>4,806,731</u>	<u>7,837,761</u>
Noncurrent liabilities:			
Deferred interest on revenue bonds	-	15,393,175	15,393,175
Bonds and notes payable	5,250,000	26,940,414	32,190,414
Capital lease obligations	17,295	46,903	64,198
Accrued landfill closure costs	-	3,980,444	3,980,444
Judgments	515,255	-	515,255
Accrued compensated absences	1,402,487	228,131	1,630,618
Less: current portion of long-term obligations	(2,008,827)	(3,464,617)	(5,473,444)
Total noncurrent liabilities	<u>5,176,210</u>	<u>43,124,450</u>	<u>48,300,660</u>
Total liabilities	<u>8,207,240</u>	<u>47,931,181</u>	<u>56,138,421</u>
<b>Net assets</b>			
Invested in capital assets, net of related debt	42,220,678	64,892,227	107,112,905
Restricted by:			
Enabling legislation	9,014,130	15,807,639	24,821,769
Statutes	600,344	253,222	853,566
Debt service	1,129,954	10,720,084	11,850,038
Contractual agreement	16,150,170	1,332,216	17,482,386
Unrestricted	18,388,958	(12,631,310)	5,757,648
Total net assets	<u>\$ 87,504,234</u>	<u>\$ 80,374,078</u>	<u>\$ 167,878,312</u>

The accompanying notes are an integral part of these financial statements.

Component Units	
Pegasys, Inc.	Enid Regional Dev. Alliance
\$ 104,339	\$ 1,020,504
-	-
32,369	42,500
-	-
-	-
-	-
-	-
-	-
<u>136,708</u>	<u>1,063,004</u>
-	-
102,473	-
43,416	11,240
<u>145,889</u>	<u>11,240</u>
<u>282,597</u>	<u>1,074,244</u>
531	4,217
-	-
-	-
-	-
<u>531</u>	<u>4,217</u>
-	-
-	-
-	-
-	-
-	-
<u>531</u>	<u>4,217</u>
43,416	11,240
-	-
-	-
-	-
-	-
238,650	1,058,787
<u>\$ 282,066</u>	<u>\$ 1,070,027</u>



**City of Enid, Oklahoma**  
**Statement of Activities**  
**Year Ended June 30, 2010**

	Program Revenues			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
Governmental activities:				
General government	\$ 6,013,945	\$ 720,126	\$ -	\$ -
Public safety	15,317,562	2,074,989	218,593	204,780
Public works	7,217,032	320,803	524,239	210,677
Culture and recreation	2,062,614	28,825	47,454	12,648
Interest on long-term debt	265,316	-	-	-
Total governmental activities	30,876,469	3,144,743	790,286	428,105
Business-type activities:				
Utility operations	14,714,712	19,313,260	-	999,220
Airport	1,318,158	1,059,823	-	604,114
Golf	565,658	365,797	-	-
Economic development	1,913,968	-	-	-
Community center	1,014,848	232,940	-	-
Transit	913,916	206,741	481,986	237,347
Total business-type activities	20,441,260	21,178,561	481,986	1,840,681
Total primary government	\$ 51,317,729	\$ 24,323,304	\$ 1,272,272	\$ 2,268,786
<b>Component units:</b>				
Pegasys, Inc.	\$ 293,098	\$ 16,086	\$ 214,215	\$ -
Enid Regional Development Alliance, Inc.	331,869	52,500	543,000	-
Total component units	\$ 624,967	\$ 68,586	\$ 757,215	\$ -
General revenues:				
Taxes:				
Sales and use				
Property				
Franchise				
Other				
Interest income				
Miscellaneous				
Gain (loss) on investments and disposition of capital assets				
Transfers – internal activity				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning, restated				
Net assets, ending				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets			Component Units	
Primary Government			Pegasys, Inc.	Enid Regional Dev. Alliance
Governmental Activities	Business-type Activities	Total		
\$ (5,293,819)	\$ -	\$ (5,293,819)	\$ -	\$ -
(12,819,200)	-	(12,819,200)	-	-
(6,161,313)	-	(6,161,313)	-	-
(1,973,687)	-	(1,973,687)	-	-
(265,316)	-	(265,316)	-	-
<u>(26,513,335)</u>	<u>-</u>	<u>(26,513,335)</u>	<u>-</u>	<u>-</u>
	5,597,768	5,597,768	-	-
	345,779	345,779	-	-
	(199,861)	(199,861)	-	-
	(1,913,968)	(1,913,968)	-	-
	(781,908)	(781,908)	-	-
	12,158	12,158	-	-
-	<u>3,059,968</u>	<u>3,059,968</u>	-	-
<u>(26,513,335)</u>	<u>3,059,968</u>	<u>(23,453,367)</u>	-	-
			(62,797)	-
			-	<u>263,631</u>
			<u>(62,797)</u>	<u>263,631</u>
25,505,226	-	25,505,226	-	-
1,951,910	-	1,951,910	-	-
3,115,138	-	3,115,138	-	-
559,574	1,379,772	1,939,346	-	-
1,274,418	464,874	1,739,292	1,608	8,343
581,391	312,305	893,696	302	-
(107,465)	(30,830)	(138,295)	13,018	-
<u>(4,279,568)</u>	<u>4,279,568</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>28,600,624</u>	<u>6,405,689</u>	<u>35,006,313</u>	<u>14,928</u>	<u>8,343</u>
2,087,289	9,465,657	11,552,946	(47,869)	271,974
<u>85,416,945</u>	<u>70,908,421</u>	<u>156,325,366</u>	<u>329,935</u>	<u>798,053</u>
<u>\$ 87,504,234</u>	<u>\$ 80,374,078</u>	<u>\$ 167,878,312</u>	<u>\$ 282,066</u>	<u>\$ 1,070,027</u>

**City of Enid, Oklahoma**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2010**

	<u>General</u>	<u>Police Fund</u>	<u>Fire Fund</u>
<b>Assets</b>			
Cash and cash equivalents	\$ -	\$ -	\$ -
Claim on pooled cash	7,235,922	3,350,711	1,982,894
Receivables:			
Accounts	42,904	-	-
Taxes	4,947,033	-	-
Interest	978	-	-
Due from other governments	29,794	16,953	171,019
Due from other funds	-	156,849	156,849
Inventories	544,789	-	-
Restricted assets:			
Cash	-	-	-
Total assets	<u>\$ 12,801,420</u>	<u>\$ 3,524,513</u>	<u>\$ 2,310,762</u>
<b>Liabilities and fund balances</b>			
Liabilities:			
Accounts payable and accrued liabilities	\$ 59,405	\$ 13,654	\$ 11,385
Due to other funds	1,807,948	-	-
Deferred revenue	-	-	-
Total liabilities	<u>1,867,353</u>	<u>13,654</u>	<u>11,385</u>
Fund balances:			
Reserved for:			
Capital improvements	-	-	-
Debt service	-	-	-
Encumbrances	382,391	1,177,300	1,106,402
Unreserved, designated for, reported in:			
Special revenue funds	-	2,333,558	1,192,975
Unreserved, undesignated, report in:			
General Fund	10,551,677	-	-
Total fund balances	<u>10,934,068</u>	<u>3,510,858</u>	<u>2,299,377</u>
Total liabilities and fund balances	<u>\$ 12,801,421</u>	<u>\$ 3,524,512</u>	<u>\$ 2,310,762</u>

The accompanying notes are an integral part of these financial statements.

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 279,538	\$ 279,538
4,436,168	20,702,073	37,707,768
-	-	42,904
-	338,270	5,285,303
-	-	978
-	33,113	250,879
-	156,849	470,547
-	-	544,789
4,795,907	-	4,795,907
<u>\$ 9,232,075</u>	<u>\$ 21,509,843</u>	<u>\$ 49,378,613</u>
\$ -	\$ 203,610	\$ 288,054
-	-	1,807,948
88,723	68,099	156,822
<u>88,723</u>	<u>271,709</u>	<u>2,252,824</u>
6,734,484	4,196,461	10,930,945
-	1,129,954	1,129,954
2,408,868	10,523,890	15,598,851
-	5,387,829	8,914,362
-	-	10,551,677
<u>9,143,352</u>	<u>21,238,134</u>	<u>47,125,789</u>
<u>\$ 9,232,075</u>	<u>\$ 21,509,843</u>	<u>\$ 49,378,613</u>

**City of Enid, Oklahoma**  
**Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Governmental Funds**  
**Year Ended June 30, 2010**

	General	Police Fund	Fire Fund
<b>Revenues</b>			
Taxes	\$ 28,620,365	\$ -	\$ -
Licenses and permits	207,746	-	-
Intergovernmental	232,611	163,449	41,331
Fines and forfeitures	1,222,188	-	-
Charges for services	98,646	86,533	-
Other	353,556	22,285	26,163
Interest	666,359	102,368	47,442
Total revenues	<u>31,401,471</u>	<u>374,635</u>	<u>114,936</u>
<b>Expenditures</b>			
Current:			
General government	5,087,528	-	-
Public safety	-	7,500,413	6,208,506
Public works	4,601,864	-	-
Culture and recreation	1,893,623	-	-
Debt service:			
Principal	-	10,901	-
Interest	-	979	-
Capital outlay	887,865	1,587,355	70,736
Total expenditures	<u>12,470,880</u>	<u>9,099,648</u>	<u>6,279,242</u>
Excess of revenues over (under) expenditures	18,930,591	(8,725,013)	(6,164,306)
<b>Other financing sources (uses)</b>			
Transfers in	4,715,004	7,357,892	6,388,552
Transfers out	(25,915,338)	(50,000)	-
Total other financing sources (uses)	<u>(21,200,334)</u>	<u>7,307,892</u>	<u>6,388,552</u>
<b>Net change in fund balances</b>	(2,269,743)	(1,417,121)	224,246
Fund balances, beginning	<u>13,203,811</u>	<u>4,927,979</u>	<u>2,075,131</u>
Fund balances, ending	<u>\$ 10,934,068</u>	<u>\$ 3,510,858</u>	<u>\$ 2,299,377</u>

The accompanying notes are an integral part of these financial statements.

Capital Improvements Fund	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 1,951,910	\$ 30,572,275
-	-	207,746
210,677	1,880,122	2,528,190
-	-	1,222,188
-	3,213,984	3,399,163
166,631	38,487	607,122
130,925	327,331	1,274,425
<u>508,233</u>	<u>7,411,834</u>	<u>39,811,109</u>
-	2,933,630	8,021,158
-	887,592	14,596,511
-	1,181,012	5,782,876
-	8,365	1,901,988
-	2,022,937	2,033,838
-	264,337	265,316
2,964,997	4,950,305	10,461,258
<u>2,964,997</u>	<u>12,248,178</u>	<u>43,062,945</u>
(2,456,764)	(4,836,344)	(3,251,836)
707,500	8,851,906	28,020,854
-	(38,038)	(26,003,376)
<u>707,500</u>	<u>8,813,868</u>	<u>2,017,478</u>
(1,749,264)	3,977,524	(1,234,358)
10,892,616	17,260,611	48,360,148
<u>\$ 9,143,352</u>	<u>\$ 21,238,135</u>	<u>\$ 47,125,790</u>

**City of Enid, Oklahoma**  
**Reconciliation of the Governmental Funds and**  
**Government-Wide Financial Statements**  
**Year Ended June 30, 2010**

Total fund balance - governmental funds \$ 47,125,789

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets and debt issuance costs used in governmental activities are not financial resources and, therefore, are not reported in the funds. 47,542,666

Long-term liabilities are not due and payable in the current period and therefore are not reported in funds. (7,185,037)

Internal service funds are used to charge the costs of certain activities to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net assets. 20,816

Net assets of governmental activities in the Statement of Net Assets \$ 87,504,234

Net change in fund balances – total governmental funds \$ (1,234,358)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets are allocated over their estimated useful lives as a depreciation expense. This is the amount by which capital outlay expenditures exceeded depreciation in the current reporting period. 1,661,117

Governmental funds report costs incurred in the issuance of long-term debt as expenditures. However, in the statement of activities, the costs of issuance are allocated over the term of the bonds as amortization expense. This is the amount by which issuance costs exceeded amortization in the current period. (14,024)

The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 1,785,966

Some expenses in the statement of activities do not require the use of current financial resources and, therefore, are not reported in the governmental funds.  
Accrued compensated absences, net change (102,757)

Internal service funds are used by management to charge the costs of certain activities to individual funds. The net revenue (expense) of the internal service funds is reported with governmental activities. (8,654)

Change in net assets of governmental activities \$ 2,087,290

The accompanying notes are an integral part of these financial statements.

**City of Enid, Oklahoma**  
**Statement of Net Assets**  
**Proprietary Funds**  
**June 30, 2010**

	Business-type Activities Enterprise Funds	
	Enid Municipal Authority	Enid Economic Development Authority
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ -	\$ -
Claim on pooled cash	(8,399,351)	(127,290)
Investments	-	-
Receivables:		
Accounts (net of allowance for uncollectibles)	2,971,152	-
Interest	18,199	-
Due from other funds	1,337,400	-
Due from other governments	-	1,304,000
Inventories	-	-
Restricted assets:		
Investments	27,992,593	1,957,983
Total current assets	<u>23,919,993</u>	<u>3,134,693</u>
Noncurrent assets:		
Debt issuance costs (net of accumulated amortization)	703,676	78,885
Invested in TIF	-	5,698,014
Capital assets (net of accumulated depreciation)	74,140,881	714,905
Total noncurrent assets	<u>74,844,557</u>	<u>6,491,804</u>
Total assets	<u>98,764,550</u>	<u>9,626,497</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	-	-
Payable from restricted assets:		
Accrued interest payable	123,778	471,043
Customer deposits	707,101	-
Current portion of long-term obligations	3,138,398	303,400
Total current liabilities	<u>3,969,277</u>	<u>774,443</u>
Noncurrent liabilities:		
Deferred interest on revenue bonds	15,393,175	-
Capital lease obligations	-	-
Bonds payable (net of unamortized discount)	11,858,511	7,216,169
Notes payable	6,561,734	1,304,000
Accrued landfill closure costs	3,980,444	-
Accrued compensated absences	183,561	-
Less: current portion	(3,138,398)	(303,400)
Total noncurrent liabilities	<u>34,839,027</u>	<u>8,216,769</u>
Total liabilities	<u>38,808,304</u>	<u>8,991,212</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt	46,673,463	714,905
Restricted for:		
Debt service	10,075,714	644,370
Capital improvements	15,265,261	1,275,296
Other	396,375	113,500
Unrestricted	(12,454,567)	(2,112,786)
Total net assets	<u>\$ 59,956,246</u>	<u>\$ 635,285</u>

The accompanying notes are an integral part of these financial statements.



Business-type Activities Enterprise Funds			Governmental Activities Internal Service
Woodring Airport	Nonmajor Enterprise Funds	Totals	Pooled cash and Investments
\$ 152,441	\$ 90,223	\$ 242,664	\$ 752,949
632,989	881,796	(7,011,856)	(30,727,264)
-	-	-	30,462,816
46,064	99,846	3,117,062	-
-	-	18,199	109,642
-	-	1,337,400	-
285,157	105,532	1,694,689	-
69,402	-	69,402	-
-	-	29,950,576	-
<u>1,186,053</u>	<u>1,177,397</u>	<u>29,418,136</u>	<u>598,143</u>
-	-	782,561	-
-	-	5,698,014	-
12,295,704	5,255,058	92,406,548	-
<u>12,295,704</u>	<u>5,255,058</u>	<u>98,887,123</u>	<u>-</u>
<u>13,481,757</u>	<u>6,432,455</u>	<u>128,305,259</u>	<u>598,143</u>
-	33,587	33,587	577,327
-	-	594,821	-
-	6,605	713,706	-
-	22,819	3,464,617	-
<u>-</u>	<u>63,011</u>	<u>4,806,731</u>	<u>577,327</u>
-	-	15,393,175	-
-	46,903	46,903	-
-	-	19,074,680	-
-	-	7,865,734	-
-	-	3,980,444	-
12,849	31,721	228,131	-
-	(22,819)	(3,464,617)	-
<u>12,849</u>	<u>55,805</u>	<u>43,124,450</u>	<u>-</u>
<u>12,849</u>	<u>118,816</u>	<u>47,931,181</u>	<u>577,327</u>
12,295,704	5,208,155	64,892,227	-
-	-	10,720,084	-
-	-	16,540,557	-
589,818	485,900	1,585,593	-
583,386	619,584	(13,364,383)	20,816
<u>\$ 13,468,908</u>	<u>\$ 6,313,639</u>	<u>\$ 80,374,078</u>	<u>\$ 20,816</u>

**City of Enid, Oklahoma**  
**Statement of Revenues, Expenses, and Changes in Fund Net Assets**  
**Proprietary Funds**  
**Year Ended June 30, 2010**

	Business-type Activities Enterprise Funds	
	Enid Municipal Authority	Enid Economic Development Authority
<b>Operating revenues</b>		
Charges for services:		
Water	\$ 6,312,922	\$ -
Wastewater	6,998,301	-
Storm water	1,210,552	-
Solid waste	3,777,861	-
Landfill	457,671	-
Other	555,953	-
Total operating revenues	<u>19,313,260</u>	<u>-</u>
<b>Operating expenses</b>		
Utility services	512,648	-
Water distribution/production	3,129,854	-
Wastewater management services	1,374,684	-
Solid waste	1,954,474	-
Landfill	1,356,082	-
Economic development	-	831,450
Other	5,193	-
Depreciation and amortization	3,704,645	390,505
Bad debt expense	218,364	-
Total operating expenses	<u>12,255,944</u>	<u>1,221,955</u>
Net operating income (loss)	7,057,316	(1,221,955)
<b>Nonoperating revenues (expenses)</b>		
Taxes	-	643,807
Government grants	999,220	-
Miscellaneous revenues	211,643	100,000
Gain/(loss) on disposition of assets	(35,913)	248
Interest income	112,539	109,152
Interest expense and fiscal charges	(2,458,768)	(536,687)
Total nonoperating revenues (expenses)	<u>(1,171,279)</u>	<u>316,520</u>
<b>Operating transfers</b>		
Transfers in	11,236,475	520,000
Transfers (out)	(8,118,291)	-
Total operating transfers	<u>3,118,184</u>	<u>520,000</u>
<b>Net income (loss)</b>	9,004,221	(385,435)
Net assets, beginning, restated	<u>50,952,025</u>	<u>1,020,720</u>
Net assets, ending	<u>\$ 59,956,246</u>	<u>\$ 635,285</u>

The accompanying notes are an integral part of these financial statements.

Business-type Activities Enterprise Funds			Governmental Activities Internal Service
Woodring Airport	Nonmajor Enterprise Funds	Totals	Pooled cash and Investments
\$ -	\$ -	\$ 6,312,922	\$ -
-	-	6,998,301	-
-	-	1,210,552	-
-	-	3,777,861	-
-	-	457,671	-
1,059,823	805,478	2,421,254	-
<u>1,059,823</u>	<u>805,478</u>	<u>21,178,561</u>	<u>-</u>
-	-	512,648	-
-	-	3,129,854	-
-	-	1,374,684	-
-	-	1,954,474	-
-	-	1,356,082	-
-	155,326	986,776	-
1,136,076	2,210,606	3,351,875	-
176,123	280,995	4,552,268	-
5,959	-	224,323	-
<u>1,318,158</u>	<u>2,646,927</u>	<u>17,442,984</u>	<u>-</u>
(258,335)	(1,841,449)	3,735,577	-
-	735,965	1,379,772	-
604,114	719,333	2,322,667	-
-	662	312,305	-
7,294	(2,459)	(30,830)	(8,654)
158,833	84,350	464,874	-
-	(2,821)	(2,998,276)	-
<u>770,241</u>	<u>1,535,030</u>	<u>1,450,512</u>	<u>(8,654)</u>
100,000	541,384	12,397,859	-
-	-	(8,118,291)	-
<u>100,000</u>	<u>541,384</u>	<u>4,279,568</u>	<u>-</u>
611,906	234,965	9,465,657	(8,654)
12,857,002	6,078,674	70,908,421	29,470
<u>\$ 13,468,908</u>	<u>\$ 6,313,639</u>	<u>\$ 80,374,078</u>	<u>\$ 20,816</u>

**City of Enid, Oklahoma**  
**Statement of Cash Flows**  
**Proprietary Funds**  
**Year Ended June 30, 2010**

	Business-type Activities Enterprise Funds	
	Enid Municipal Authority	Enid Economic Development Authority
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 19,319,346	\$ -
Payments to suppliers	(4,900,831)	(746,450)
Payments to employees	(2,982,510)	-
Net cash provided (used) by operating activities	11,436,005	(746,450)
<b>Cash flows from noncapital financing activities</b>		
(Increase) decrease in interfund receivables/payables	(32,619)	-
(Increase) decrease in restricted assets	(3,734,765)	560,628
Taxes	-	643,807
Miscellaneous revenues/ (expenses)	175,730	100,248
Operating transfers in (out)	3,118,184	520,000
Net cash provided (used) by noncapital financing activities	(473,470)	1,824,683
<b>Cash flows from capital and related financing activities</b>		
Proceeds from long-term debt	1,289,664	181,619
Principal reduction on long-term debt	(7,197,160)	(85,000)
Interest expense and fiscal charges	(1,444,971)	(503,334)
Capital grants	999,220	-
Acquisition/construction of capital assets	(5,760,965)	(518,658)
Net cash provided (used) by capital and related financing activities	(12,114,212)	(925,373)
<b>Cash flows from investing activities</b>		
(Increase) decrease in investments	-	-
Interest income	94,340	109,152
Net cash provided (used) by investing activities	94,340	109,152
Net increase (decrease) in cash and cash equivalents	(1,057,337)	262,012
Cash and cash equivalents, beginning	(7,342,014)	(389,302)
Cash and cash equivalents, ending	\$ (8,399,351)	\$ (127,290)
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Net operating income (loss)	\$ 7,057,316	\$ (1,221,955)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	3,704,645	390,505
Changes in assets and liabilities:		
(Increase) decrease in receivables	6,086	85,000
(Increase) decrease in inventories	-	-
Increase (decrease) in accounts payable and accrued liabilities	629,838	-
Increase (decrease) in customer deposits	38,120	-
Total adjustments	4,378,689	475,505
Net cash provided (used) by operating activities	\$ 11,436,005	\$ (746,450)

The accompanying notes are an integral part of these financial statements.

Business-type Activities Enterprise Funds			Governmental Activities Internal Service
Woodring Airport	Nonmajor Enterprise Funds	Totals	Pooled cash and Investments
\$ 1,094,832	\$ 777,374	\$ 21,191,552	\$ -
(882,484)	(1,532,015)	(8,061,780)	-
(291,587)	(827,590)	(4,101,687)	-
(79,239)	(1,582,231)	9,028,085	-
-	-	(32,619)	(4,338,981)
-	-	(3,174,137)	-
-	735,965	1,379,772	-
-	662	276,640	(8,654)
100,000	541,384	4,279,568	-
100,000	1,278,011	2,729,224	(4,347,635)
-	-	1,471,283	-
-	(21,768)	(7,303,928)	-
-	(2,821)	(1,951,126)	-
336,382	645,063	1,980,665	-
(681,054)	(760,345)	(7,721,022)	-
(344,672)	(139,871)	(13,524,128)	-
-	-	-	4,079,654
158,833	84,350	446,675	-
158,833	84,350	446,675	4,079,654
(165,078)	(359,741)	(1,320,144)	(267,981)
950,508	1,331,760	(5,449,048)	1,020,930
\$ 785,430	\$ 972,019	\$ (6,769,192)	\$ 752,949
\$ (258,335)	\$ (1,841,449)	\$ 3,735,577	\$ -
176,123	280,995	4,552,268	-
35,639	(28,104)	98,621	-
(26,592)	-	(26,592)	-
(6,074)	6,127	629,891	-
-	200	38,320	-
179,096	259,218	5,292,508	-
\$ (79,239)	\$ (1,582,231)	\$ 9,028,085	\$ -

**City of Enid, Oklahoma**  
**Statement of Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2010**

	Agency Funds		Pension Trust Funds		Totals
	CLEET Fund	Court Bonds	Retirement Defined Benefit	Retirement 401(k)	
<b>Assets</b>					
Cash and cash equivalents	\$ -	\$ 5,900	\$ 103,944	\$ 241,653	\$ 351,497
Claim on pooled cash	14,460	18,910	-	-	33,370
Investments	-	-	13,740,219	5,645,771	19,385,990
Receivables:					-
Accrued interest	-	-	6,338	-	6,338
Participant loans	-	-	241,655	-	241,655
Total assets	14,460	24,810	14,092,156	5,887,424	20,018,850
<b>Liabilities</b>					
Accounts payable and accrued liabilities	14,460	-	14,092,156	5,887,424	19,994,040
Customer deposits	-	24,810	-	-	24,810
Total liabilities	14,460	24,810	14,092,156	5,887,424	20,018,850
<b>Net assets</b>	\$ -	\$ -	\$ -	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

**City of Enid, Oklahoma**  
**Statement of Changes in Fiduciary Net Assets**  
**Fiduciary Funds**  
**June 30, 2010**

	Pension Trust Funds		Totals
	Retirement Defined Benefit	Retirement 401(k)	
<b>Additions</b>			
Contributions:			
Employer	\$ 301,354	\$ 265,501	\$ 566,855
Plan members	-	401,741	401,741
Total contributions	<u>301,354</u>	<u>667,242</u>	<u>968,596</u>
Investment earnings:			
Realized gains (losses)	(503,731)	518,952	15,221
Net increase (decrease) in the fair value of investments	2,036,206	-	2,036,206
Interest and dividends	237,617	-	237,617
Total investment earnings	<u>1,770,092</u>	<u>518,952</u>	<u>2,289,044</u>
Total additions	<u>2,071,446</u>	<u>1,186,194</u>	<u>3,257,640</u>
<b>Deductions</b>			
Benefits and withdrawals	513,294	345,226	858,520
Administrative expenses	21,596	329	21,925
Total deductions	<u>534,890</u>	<u>345,555</u>	<u>880,445</u>
<b>Change in net assets</b>	1,536,556	840,639	2,377,195
Net assets, beginning	<u>12,555,600</u>	<u>5,046,785</u>	<u>17,602,385</u>
Net assets, ending	<u>\$ 14,092,156</u>	<u>\$ 5,887,424</u>	<u>\$ 19,979,580</u>

The accompanying notes are an integral part of these financial statements.

**City of Enid, Oklahoma**  
**Notes to Financial Statements**  
**June 30, 2010**

**I. Organization**

The City of Enid, Oklahoma, (the City) operates under a Council-Manager form of government under Title 11 of the *Oklahoma Statutes*. The City provides the following services to its citizens: public safety (police and fire), streets and highways, social services, culture and recreation, sanitation and solid waste services, public improvements, water utilities, public works, planning and zoning, development and general administrative services.

**II. Summary of significant accounting policies**

**A. Financial Reporting entity**

The accompanying financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The City's financial statements include two discretely presented component units which are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City.

**Blended component units.** The Enid Municipal Authority (EMA) serves all the citizens of the City and is governed by a board comprised of the City's elected Councilors. EMA operates the water, wastewater, sanitation collection, and landfill services of the City. The rates for user charges and bond issuance authorizations are approved by the City Council and the legal liability for the general obligation portion of EMA's debt remains with the City. EMA is reported as an enterprise fund type.

The Vance Development Authority was established in June 1995 to promote the development of Vance Air Force Base located in Enid, Oklahoma.

The Enid Public Transportation Authority (EPTA) was established February 7, 1984. The EPTA provides public transportation within the city limits of Enid and North Enid. Transportation is also provided to and from Oklahoma City for a fee sufficient to cover costs. The City of Enid and North Enid have a combined land area of approximately 75 square miles. Estimated ridership of the EPTA is 8,700 trips per month. The type of services offered is a fixed-route bus system and paratransit for the disabled.

The Enid Economic Development Authority (EEDA) was established April 16, 1987, for economic development purposes, including industrial recruitment, and assistance to new and expanding industry with relocation assistance and infrastructure construction.

The Meadowlake Golf Course provides golfing opportunities to the citizens of Enid while the Conference Center provides a cultural venue.

**Discretely presented component units.** The following organizations are reported in separate columns in the government-wide financial statements to emphasize these organizations are legally separate from the City.



Pegasys, Inc – is a non-profit organization designed to support City of Enid individuals, organizations, and institutions in their efforts to provide, produce, and disseminate non-commercial, educational, cultural, and public interest programming on the public, educational, and governmental access channels of the Enid, Oklahoma cable television systems. Members of the organization’s board of directors are appointed by various entities and governmental organizations by those organizations, including the City of Enid. The City of Enid appoints one of fourteen directors. However, the entity is financially accountable to the City of Enid because the City provides a large share of its annual revenues and the organization provides services for the benefit of the City. Separate financial statements for Pegasys, Inc. as of June 30, 2010 are available by contacting the organization at 123 W. Main Street, Enid, OK 73701; (580) 237-0099; or [wquarles@pagasys.org](mailto:wquarles@pagasys.org).

Enid Regional Development Alliance – The Enid Regional Development Alliance is a non-profit entity organized to attract, develop, retain, and encourage business, industry, and quality job creation in Garfield County, Ok. Members of the organization’s board of directors are appointed to represent various entities and governmental organizations by those organizations, including the City of Enid. The mayor and one city commissioner appointed by the mayor serve on the nine-member board. However, the entity is financially accountable to the City of Enid because the City provides a large share of its annual revenue and the organization provides services for the benefit of the City. Separate financial statements for Enid Regional Development Alliance as of June 30, 2010 are available by contacting the organization at 580-233-4232.

## **B. Basis of presentation and accounting**

### *Government-wide financial statements:*

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All other governmental revenues are reported as general. All taxes are classified as general revenues, even if restricted for a specific purpose.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## *Fund financial statements*

### *Governmental funds:*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting.

Sales and use taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The police fund accounts for the resources accumulated from a portion of sales tax revenues and payments made for police operations and capital expenditures and transfers in from the general fund.

The fire fund accounts for the resources accumulated from a portion of sales tax revenues and payments made for fire operations and capital expenditures and transfers in from the general fund.

The capital improvements fund accounts for various revenues and transfers from other funds reserved for capital improvement projects, except for those accounted for in the sanitary sewer improvement fund, storm water fund, and street improvement fund.

Non-major funds are reported as other governmental funds.

### *Proprietary funds:*

The City reports the following major proprietary funds:

The Enid Municipal Authority accounts for the City's utility operations including water, wastewater, sanitation, and landfill.

The Enid Economic Development Authority accounts for certain earmarked sales taxes, government grants and other revenues reserved for economic development activities, as well as payment on tax increment financing bonds outstanding.

The Woodring Airport fund accounts for the operations of the municipal airport, including federal and state grant projects.

The city reports its pooled cash and investments fund as an internal service fund.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Enid Municipal Authority and of the City's internal service funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

### **C. Assets, liabilities, and net assets or equity**

#### ***1. Cash, cash equivalents, and investments***

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the City to invest in obligations of the U.S. Treasury; time deposits with financial institutions, if such deposits are fully insured by federal depository insurance or pledged collateral; and debt securities issued by the State of Oklahoma, an Oklahoma County, school district, or municipality. Investments for the City, as well as for its component units, are reported at cost which approximates fair value.

#### ***2. Receivables and payables***

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

All trade receivables are shown net of an allowance for uncollectibles. Trade accounts receivable in excess of 90 days comprise the trade accounts receivable allowance for uncollectibles.

#### ***3. Inventories and prepaid items***

Inventories are valued at average cost and consist of warehouse supplies and fuel at the airport. The cost of inventory is allocated to the user departments based upon consumption.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

#### **4. Restricted assets**

Certain proceeds of the Enid Municipal Authority's enterprise fund revenue bonds and sales tax notes payable, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because they are maintained in separate trustee accounts, and their use is limited by applicable bond covenants. The construction accounts are used to report those proceeds of bond and note issuances that are restricted for use in construction. Bond reserve and sinking fund accounts are used to segregate resources accumulated for debt service payments over the next twelve months.

#### **5. Capital assets**

The accounting treatment of capital assets (property, plant, and equipment) depends on whether they are used in governmental or proprietary fund operations, and whether they are reported in the government-wide or fund financial statements. In the government-wide and proprietary fund financial statements property, plant, and equipment are accounted for as capital assets, net of depreciation. In the governmental fund financial statements they are accounted for as capital outlay expenditures when acquired.

Capital assets consist of land, construction in progress, buildings, improvements, equipment, and vehicles which have an initial cost of \$ 5,000 or more and an estimated useful life of more than one year. Capital assets are reported at actual or estimated historical cost.

Depreciable capital assets are depreciated on a straight-line basis over their estimated useful lives as follows:

Assets	Years
Land	N/A
Buildings	20-50
Improvements	20-50
Equipment	3-10
Vehicles	5-10

#### **6. Compensated absences**

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. There is some liability for unpaid accumulated sick leave since the City does pay full-time regular employees who have accrued 90 days of sick leave \$ 15 per day up to twelve accrued, but unused sick leave days per year, except for Firemen who are paid \$50 per day up to twelve accrued, but unused sick leave days per year. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

#### **7. Long-term debt**

Accounting treatment of long-term debt varies depending on the source of repayment and where they are reported. All long-term debt resulting from cash transactions to be repaid from governmental and business-type resources are reported as liabilities in the government-wide financial statements. Long-term debt for governmental funds is not reported as liabilities in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest are reported as expenditures. Long-term debt in the proprietary funds is accounted for in the fund financial statements the same as it is in the government-wide statements.

## **8. Fund equity**

Net assets –

Net assets are reported in three categories:

- a. *Invested in capital assets, net of related debt* – consists of capital assets net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvements of their assets.
- b. *Restricted* – includes net assets with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws and regulation of other governments, or 2) law through constitutional provisions or enabling legislation.
- c. *Unrestricted* – all other net assets that do not meet the definition of “invested in capital assets, net of related debt”, or “restricted”.

Fund balances –

Fund balances are generally reported in the governmental funds financial statements are displayed in two categories:

- a. *Reserved* – fund balances that are either legally restricted as to use (such as voter-restricted sales taxes), or fund balances that are not available for expenditure in the subsequent year (such as encumbrances).
- b. *Unreserved* – all other fund balances not classified or “reserved”.

## **9. Internal and interfund balances and transfers**

The City’s policy is to eliminate interfund transfers and balances in the statements of net assets and activities to avoid the grossing up of balances. Only the residual balances transferred between governmental and business-type activities are reported as internal transfers and internal balances these offset in the total column in the government-wide statements. Internal transfers and balances between funds are not eliminated in the fund financial statements.

## **10. Use of estimates**

Certain estimates are made in the preparation of the financial statements, such as the allowance for doubtful accounts receivable and estimated lives for depreciation of capital assets. Estimates are based on management’s best judgments and may vary actual results.

### **III. Reconciliation of government-wide and fund financial statements**

#### **A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net assets**

The governmental fund balance sheet includes reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

One element concerns capital asset reporting. The costs of capital assets, and debt issuance costs, net of accumulated depreciation and amortization, are reported on the government-

wide statement of net assets, but not on the governmental fund financial statements since they are not financial resources. The details of this difference are as follows:

Capital assets, net of accumulated depreciation	\$ 47,487,973
Debt issuance costs, net of accumulated amortization	<u>54,693</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 47,542,666</u>

Another element of that reconciliation explains that “long-term liabilities such as judgments and general obligation bonds, capital lease obligations, as well as accrued compensated absences are not due and payable in the current period and therefore are not reported in the funds.” The details of this difference are as follows:

General obligation bonds	\$ 5,250,000
Capital lease obligations	17,295
Accrued compensated absences – noncurrent	1,402,487
Judgments payable	<u>515,255</u>
Net adjustment to reduce fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 7,185,037</u>

A final difference concerns internal service funds which are used to charge the costs of certain activities to individual funds, or record certain assets and liabilities shared by the individual funds. The City uses its disbursements fund to record pooled cash and investments, as well as accounts payable, in the internal service fund. These assets and liabilities are included in governmental activities in the statement of net assets. The details of this difference are as follows:

Internal service funds	<u>\$ 20,816</u>
Net adjustment to increase fund balance – total governmental funds to arrive at net assets – governmental activities	<u>\$ 20,816</u>

**B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities**

The governmental fund statement of revenues, expenditures, and changes in fund balances includes reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this difference are as follows:

Capital outlay expenditures, net	\$ 5,577,616
Dispositions, net	(98,811)
Depreciation expense	<u>(3,817,688)</u>
Net adjustment to increase net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,661,117</u>

Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this difference are as follows:

Amortization	\$ 14,024
Net adjustment to decrease changes in fund balance – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 14,024</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.

Debt issued or incurred:	
Judgments	\$ (247,872)
Principal repayments:	
General obligation bonds	1,750,000
Capital lease obligations	10,901
Judgments	272,937
Accrued compensated absences – net change	<u>(102,757)</u>
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,683,209</u>

Finally, internal service funds are used to record the balances and activity of pooled assets and liabilities of individual funds. The revenues and expenses are reported as internal service funds in the proprietary fund financial statements, but are included as governmental activities in the government-wide statements.

Internal service funds	\$ 8,654
Net adjustment to decrease changes in fund balances – total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 8,654</u>

#### **IV. Stewardship, compliance, and accountability**

##### **Budgetary information**

Annual budgets are adopted for all governmental funds and the Enid Municipal Authority. All unencumbered annual appropriations lapsed at fiscal year-end. Actual expenditures within a fund may not exceed 90% of the budget until actual revenues equal to the estimated amount have been received. No expenditure can exceed the actual amount on hand.

Prior to June of each year, all department heads of the City submit requests for appropriations to the city manager so that a budget may be prepared. The city manager meets with each of the department heads to review their needs estimates and requests. The city council holds a public hearing prior to June 15 and a final budget must be prepared and adopted no later than June 23.

The appropriated budget is prepared by fund, function, and department. Transfers of appropriations within a department or between departments may be approved by the city manager. Once the budget is established, the Council must authorize any amendments that change the total legal appropriations of the fund previously approved in the budget.

The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the department level.

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

## V. Detailed notes on all funds

### A. Deposits and investments

#### *Deposits*

The City's carrying amount of deposits was \$ 6,115,280 as of June 30, 2010, and the bank balances totaled \$ 6,432,565. Deposits are carried at cost.

*Custodial Credit Risk – Deposits.* Custodial credit risk is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. As of June 30, 2010, \$ 6,182,565 of the City's bank balances of \$ 6,432,565 was collateralized by a pledge of securities held by the bank's trust department, not in the City's name.

#### *Investments*

As of June 30, 2010, the City had the following investments.

Investment	Maturities	Fair Value
Cash management fund	< 1 year	\$ 1,962,031
U.S. Treasury obligations	< 1 year	21,095,084
Certificates of deposit	< 1 year	6,860,000
Federal Home Loan Bank	< 1 year	524,690
Certificates of deposit	1 < 2 years	6,660,000
Certificates of deposit	2 < 3 years	8,569,000
Federal National Mortgage Association	2 < 3 years	2,585,060
Federal Home Loan Mortgage Association	3 < 4 years	2,234,848
Certificates of deposit	3 < 4 years	4,671,000
Certificates of deposit	4 < 5 years	2,972,000
Federal Home Loan Bank	4 < 5 years	206,126
Federal Home Loan Mortgage Association	4 < 5 years	2,034,980
Total		<u>\$ 60,374,819</u>

*Interest Rate Risk.* The City does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

*Credit Risk.* State statutes limit investments to the following: a) direct obligations of the U.S. Government, its agencies or instrumentalities; b) collateralized or insured certificates of deposit within the state, and insured certificates only if out of state; c) savings accounts or savings certificates; d) fully collateralized prime banker acceptances, prime commercial paper, repurchase agreements, or SEC regulated money market funds; e) obligations to the payment of which the full faith and credit of the state is pledged; f) county, municipal, or school district and valorem tax funded debt; g) bonds, notes, or money judgments of a



county, municipality, or school district; h) revenue anticipation notes of a public trust of which the municipality is beneficiary; or; i) any bond, note, or other debt of any public trust of which the municipality is sole beneficiary, or other entities whose governing boards were appointed by the municipality. The City has no investment policy that would further limit its investment choices. As of June 30, 2010, the City's investments in certificates of deposit were all federally insured.

*Concentration of Credit Risk.* The City places no limit on the amount it may invest in anyone issuer. More than 5 percent of the City's investments are in U.S. Treasury securities and certificates of deposit. These investments are 35 % and 49 %, respectively, of the City's total investments. Investments reported in the Governmental activities are certificates of deposit, while the investments of the Enid Municipal Authority are comprised of Treasury Strips, Agency bonds and a U.S. Treasury money market account.

## B. Receivables

Receivables as of June 30, 2010, for the City of Enid's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts are as follows:

	Receivables					
	Taxes	Accounts	Due from Other Governments	Accrued Interest	Allowance For Doubtful Accounts	Net Receivables
Fund:						
General	\$ 4,947,033	\$ 42,904	\$ 29,794	\$ 978	\$ -	\$ 5,020,709
Police	-	-	16,953	-	-	16,953
Fire	-	-	171,019	-	-	171,019
Nonmajor governmental funds	338,270	-	33,113	-	-	371,383
Enid Municipal Authority	-	3,520,160	-	18,199	(549,008)	2,989,351
EEDA	-	-	1,304,000	-	-	1,304,000
Woodring Airport	-	62,023	285,157	-	(15,959)	331,221
Nonmajor enterprise funds	99,846	-	105,532	-	-	205,378
Internal service funds	-	-	-	109,642	-	109,642
Net total receivables	<u>\$ 5,385,149</u>	<u>\$ 3,625,087</u>	<u>\$ 1,945,568</u>	<u>\$ 128,819</u>	<u>\$ (564,967)</u>	<u>\$ 10,519,656</u>

No allowance for doubtful accounts has been provided on the accounts receivable balances in the governmental funds since they were subsequently received in full. Due from other governments balances represent grant fund expenditures made over grant receipts.

## C. Restricted cash and investments

The Enid Municipal Authority Utility and Sales Tax Revenue Refunding Bonds, Series 1999, and 2003 include restricted cash for a bond sinking fund for repayment of the principal and interest when due. The funds are on deposit with the bond trustee.

The following is a summary of the restricted cash and investments balances as of June 30, 2010:

	Governmental Activities		Totals
	Sinking Fund	Construction Fund	
General obligation bonds	\$ 1,104,585	\$ 4,795,907	\$ 5,900,492
Total	<u>\$ 1,104,585</u>	<u>\$ 4,795,907</u>	<u>\$ 5,900,492</u>

	Business-Type Activities				Totals
	Sinking Fund	Reserve Fund	Construction Fund	Other	
1999 revenue bonds	\$ 1,089,918	\$ 6,149,705	\$ -	\$ -	\$ 7,239,623
1987A revenue bonds	-	733,074	-	-	733,074
2005 tax apportionment bonds	-	644,370	1,275,296	38,319	1,957,985
2003 revenue bonds	341,952	569,976	-	-	911,928
SSCIF account	-	-	2,651,462	-	2,651,462
Utility revenue account	613,832	-	-	-	613,832
One cent sales tax	11,102,398	-	4,740,119	-	15,842,517
¼ cent sales tax	-	-	-	155	155
<b>Total</b>	<b>\$ 13,148,100</b>	<b>\$ 8,097,125</b>	<b>\$ 8,666,877</b>	<b>\$ 38,474</b>	<b>\$ 29,950,576</b>

#### D. Capital assets

Capital asset balances and activities for the year ended June 30, 2010, were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,276,478	\$ -	\$ (71,224)	\$ 2,205,254
Construction in progress	12,514,786	6,337,278	(8,317,996)	10,534,068
Total capital assets, not being depreciated	14,791,264	6,337,278	(8,389,220)	12,739,322
Capital assets, being depreciated:				
Buildings	7,738,233	793,269	(163,043)	8,368,459
Improvements	47,498,007	5,090,972	-	52,588,979
Equipment	4,506,671	803,746	(133,251)	5,177,166
Vehicles	6,755,712	870,347	(108,430)	7,517,629
Total capital assets, being depreciated	66,498,623	7,558,334	(404,724)	73,652,233
Less accumulated depreciation for:				
Buildings	(3,459,744)	(320,591)	141,086	(3,639,248)
Improvements	(24,032,928)	(2,657,128)	-	(26,690,056)
Equipment	(3,271,843)	(334,482)	115,349	(3,490,976)
Vehicles	(4,698,516)	(505,487)	120,702	(5,083,302)
Total accumulated depreciation	(35,463,031)	(3,817,688)	377,137	(38,903,582)
Total capital assets, being depreciated, net	31,035,592	3,740,646	(27,587)	34,748,651
Governmental activities capital assets, net	\$ 45,826,856	\$ 10,077,924	\$ (8,416,807)	\$ 47,487,973
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,933,211	\$ 1,619,355	\$ -	\$ 4,552,566
Construction in progress	14,245,097	5,486,589	(3,633,567)	16,098,119
Total capital assets, not being depreciated	17,178,308	7,105,944	(3,633,567)	20,650,685
Capital assets, being depreciated:				
Buildings	4,856,397	1,919,726	(7,343)	6,768,780
Improvements	97,212,850	2,391,233	-	99,604,083
Equipment	14,274,270	617,407	(755,681)	14,135,996
Vehicles	5,333,031	668,628	(299,997)	5,701,662
Total capital assets, being depreciated	121,676,548	5,596,994	(1,063,021)	126,210,521

	Beginning Balance	Increases	Decreases	Ending Balance
Less accumulated depreciation for:				
Buildings	(2,014,089)	(253,101)	3,885	(2,263,305)
Improvements	(38,826,837)	(2,827,287)	-	(41,654,124)
Equipment	(7,525,398)	(571,530)	578,667	(7,518,261)
Vehicles	(2,660,218)	(626,232)	267,482	(3,018,968)
Total accumulated depreciation	<u>(51,026,542)</u>	<u>(4,278,150)</u>	<u>850,034</u>	<u>(54,454,658)</u>
Total capital assets, being depreciated, net	<u>70,650,006</u>	<u>1,318,844</u>	<u>(212,987)</u>	<u>71,755,863</u>
Total Business-type activities capital assets, net	<u>\$ 87,828,314</u>	<u>\$ 8,424,788</u>	<u>\$ (3,846,554)</u>	<u>\$ 92,406,548</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:		
General government		\$ 163,472
Public safety		667,995
Public works		2,826,347
Cultural and recreation		159,874
Total depreciation expense – governmental activities		<u>\$ 3,817,688</u>
Business-type activities:		
Administration		\$ 20,597
Water		1,557,322
Wastewater/storm water		1,409,077
Sanitation		342,777
Landfill		309,767
Airport		176,123
Golf		76,555
Economic development		4,570
Transportation		100,582
Conference center		103,858
Total depreciation expense – business-type activities		<u>\$ 4,101,228</u>

### E. Deposits subject to refund

Utility customers are required to make a meter deposit which is refunded upon the customer's termination of services, or upon request after twelve months of on-time payments with no cut-offs, provided there are no outstanding bills. Monies are deposited into the pooled cash account, and a liability has been recorded to represent the amount of deposits due to customers. As of June 30, 2010, cash and investments included \$ 707,101 available for refund of customer deposits, while the liability to customers was \$ 707,101. In addition, the Cherokee Strip Conference Center was holding \$ 6,605 in refundable deposits.

Appearance bonds and other payments made to the municipal court funds are held until final disposition by the court, at which time they are refunded to the bondholder or paid over to the City general fund as fines. As of June 30, 2010, \$ 24,810 was being held that was subject to refund.

## F. Long-term debt

Long-term liabilities of the City of Enid as of June 30, 2010, are summarized as follows:

### Governmental activities

Compensated absences \$ 1,402,487

#### General obligation bonds:

\$ 7,000,000 City of Enid General Obligation Bonds, Series 2010, dated June 1, 2008, due and payable in annual installments of \$ 1,750,000 beginning June 1, 2010 through June 1, 2013 plus interest of 2.95% to 3.70%, to provide funding for bridge replacement and rehabilitation. 5,250,000

#### Capital lease obligations:

Copiers Plus, LLC, dated January 6, 2010 with 36 monthly payments of \$ 990, including interest at 4.06 % for the purchase of 3 copiers for the police department. 17,295

#### Judgments:

Judgments in favor of various individuals in settlement of court cases involving workers' compensation and tort claims. Due in annual installments generally over three years with interest at statutory rates. 515,255

Total long-term debt for governmental activities 7,185,037

### Business-type activities

Compensated absences 228,132

#### Revenue bonds:

\$ 25,905,000 Utility and Sales Tax Revenue Refunding Bonds, Series 1999, issued March 1999 by the Enid Municipal Authority, due in annual installments through February 1, 2011, with interest at 3.15% to 4.55%. The proceeds were used to defease the Series 1992 bonds. 2,480,000

\$ 7,780,000 Sales Tax Revenue Refunding Bonds, Series 2003, issued May 2003 by the Enid Municipal Authority, due in annual installments through June 1, 2018, with interest at 4.10%. The proceeds will be used to provide funds to three area school districts. 6,345,000

\$ 3,230,000 Series 1987A – deferred interest, issued March 31, 1987 with final maturities in 2016 and 2017. No periodic interest is paid with the bonds increasing in value. Amount paid on redemption in 2013, 2014, 2015, 2016 and 2017 based on yields to maturity of 7.60% for the 2016 bonds to 7.80% for the 2017 bonds. 3,230,000

Deferred interest accreted on \$ 3,230,000 Series 1987A Revenue Bonds 15,393,175

Unamortized bond discounts (196,489)

Total revenue bonds 27,251,686

Tax apportionment bonds:

Tax Apportionment Bonds, Series 2005, dated September 22, 2005 and purchased by Advance Foods in the principal amount of \$ 6,250,000. Bond matures on July 1, 2023 and bears interest at 6.00% per annum. Proceeds of the note were used to finance economic development. The bonds will be paid by the incremental increase in Ad valorem tax revenue generated by the development within Increment District No. 1, of the City of Enid.	7,216,169
Total tax apportionment bonds	<u>7,216,169</u>

Notes payable:

Series 1998A note payable to the Oklahoma Water Resources Board, dated September 14, 1998, in the amount of \$ 1,906,000 payable in semi-annual principal installments beginning February 15, 1999, with an administrative fee at the rate of 0.50% for improvements.	810,050
Series 2000A note payable to the Oklahoma Water Resources Board dated December 20, 2000, in the amount of \$ 1,184,042 payable in semi-annual principal installments beginning February 15, 2001, with an administrative fee at the rate of 0.50% for sewer improvements.	621,622
Series 2002A note payable to the Oklahoma Water Resources Board dated August 14, 2002, in the amount of \$ 1,080,000 payable in semi-annual principal installments beginning February 15, 2003, with an administrative fee of 0.50% for sewer improvements.	664,615
Series 2003B note payable to the Oklahoma Water Resources Board dated July 30, 2003, in the amount of \$ 6,455,000 payable in annual principal installments beginning September 15, 2003, with interest of 4.217% for sewer improvements.	4,175,000
Series 2009 drinking water SRF promissory note to Oklahoma Water Resources Board, dated November 20, 2009, in the amount of \$ 8,345,000, payable in semi-annual payments over twenty-years (20), each March 15 and September 15, including interest at 2.73% and an administration fee of 0.50%, for the purchase and installation of automated metering infrastructure system. Total drawdowns of funds during the year were \$ 1,289,664.	290,445
Series 2010 clean water SRF promissory note to Oklahoma Water Resources Board/Oklahoma Development Finance Authority, dated May 25, 2010, in the amount of \$ 39,900,000, payable in semi-annual installments over twenty (20) years, each March 15 and September 15, including interest at 2.31% plus an administration fee of 0.50% , for the construction of a wastewater treatment plant. No funds were drawn down during the year.	-
Note payable in the amount of \$ 1,910,000 with interest in semi-annual installments and principal in 20 annual installments beginning August 1, 2000, with final installment due August 31, 2019, with interest at 7.60% for economic development. Note guaranteed by the U.S. Department of Housing and Urban Development.	<u>1,304,000</u>
Total notes payable	<u>7,865,732</u>

Capital lease obligations:

John Deere Credit dated July 1, 2008 with 48 monthly payments of \$ 1,107 including interest at 4.95%, for the purchase of two mowers for the golf course.	26,188
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John Deere Credit dated June 8, 2008 with 48 monthly payments of \$ 946 including interest at 4.95%, for the purchase of a fairway mower for the golf course.

	20,715
Total capital lease obligations	<u>46,903</u>
Total business-type activities	<u>42,608,622</u>
Total long-term debt	<u>\$ 49,793,659</u>

Long-term liabilities transactions for the year ended June 30, 2010, and changes therein were as follows:

	Beginning Balance	Increases	Decreases	Ending Balance	Amounts Due Within One Year
<b>Governmental activities</b>					
Compensated absences	\$ 1,299,730	\$ 102,757	\$ -	\$ 1,402,487	\$ -
General obligation bonds	7,000,000	-	(1,750,000)	5,250,000	1,750,000
Capital lease obligations	28,196	-	(10,901)	17,295	11,389
Judgments	540,320	247,872	(272,937)	515,255	247,438
Total governmental activities	<u>8,868,246</u>	<u>350,629</u>	<u>(2,033,838)</u>	<u>7,185,037</u>	<u>2,008,827</u>
<b>Business-type activities</b>					
Compensated absences	209,729	18,403	-	228,132	-
Revenue bonds:					
Series 1999	8,045,000	-	(5,565,000)	2,480,000	2,480,000
Series 2003	6,580,000	-	(235,000)	6,345,000	245,000
Series 1987A	3,230,000	-	-	3,230,000	-
Deferred interest on 1987A bonds	14,042,874	1,350,301	-	15,393,175	-
Unamortized bond discounts	(398,436)	-	201,947	(196,489)	(196,489)
Notes payable:					
OWRB 1998A	905,350	-	(95,300)	810,050	95,300
OWRB 2000A	680,826	-	(59,204)	621,622	59,202
OWRB 2002A	719,999	-	(55,384)	664,615	55,385
OWRB 2003A/B	4,565,000	-	(390,000)	4,175,000	400,000
OWRB 2009	-	1,289,664	(999,219)	290,445	290,445
OWRB/ODFA 2010	-	-	-	-	-
HUD loan	1,389,000	-	(85,000)	1,304,000	92,000
Tax apportionment bonds:					
Tax Apportionment Bonds 2005	7,034,550	181,619	-	7,216,169	211,400
Capital lease obligations	68,671	-	(21,768)	46,903	22,819
Total business-type activities	<u>47,072,563</u>	<u>2,839,987</u>	<u>(7,303,928)</u>	<u>42,608,622</u>	<u>3,755,062</u>
Total long-term debt	<u>\$ 55,940,809</u>	<u>\$ 3,190,616</u>	<u>\$ (9,337,766)</u>	<u>\$ 49,793,659</u>	<u>\$ 5,763,889</u>

Annual debt service requirements to maturity for governmental and business-type activities long-term debt are as follows:

Year Ending	Governmental Activities			
	Judgments		General Obligation Bonds	
	Principal	Interest	Principal	Interest
June 30,				
2011	\$ 247,438	\$ 38,204	\$ 1,750,000	\$ 147,875
2012	185,197	9,702	1,750,000	100,625
2013	82,620	4,338	1,750,000	51,625
2014	-	-	-	-
2015	-	-	-	-
Totals	<u>\$ 515,255</u>	<u>\$ 52,244</u>	<u>\$ 5,250,000</u>	<u>\$ 300,125</u>

Year Ending June 30,	Business-type Activities					
	Capital Lease Obligations		Revenue Bonds		Notes Payable	
	Principal	Interest	Principal	Interest	Principal	Interest
2011	\$ 22,819	\$ 1,761	\$ 2,725,000	\$ 372,985	\$ 709,148	\$ 244,616
2012	24,084	651	765,000	250,100	739,409	191,083
2013	-	-	1,484,375	5,058,753	760,409	173,473
2014	-	-	1,519,375	5,023,127	784,409	154,121
2015	-	-	1,554,375	4,989,614	807,409	132,982
2016–2020	-	-	4,006,875	9,503,260	3,772,095	292,164
2021–2025	-	-	-	-	212,981	20,115
2026–2030	-	-	-	-	72,611	7,622
2031–2035	-	-	-	-	7,261	117
Totals	\$ 46,903	\$ 2,412	\$ 12,055,000	\$ 25,197,839	\$ 7,865,732	\$ 1,216,293

On September 22, 2005, the Enid Economic Development Authority issued the \$ 6,250,000 Tax Apportionment Bonds, Series 2005 which will mature on July 1, 2023 to finance economic development activity in Enid, Oklahoma through construction of an access road serving the Garfield County Industrial Park, a portion of the costs associated with the expansion of manufacturing facilities by Advance Food Company, Inc. and pay certain costs of issuance. The bonds will be repaid from the incremental increase in ad valorem tax revenue generated by the development within Increment District No. 1, City of Enid (TIF). The bonds are secured by a pledge of incremental ad valorem tax revenue. The interest due and payable on the bonds may accrete to the maturity date of the bonds. As of June 30, 2010, the amount recognized as accrued interest on the bonds was \$ 432,970. Interest totaling \$ 181,619, which had been accrued, previously, was capitalized as part of the principal during the year ended June 30, 2010. The City made payments of \$ 240,454 in interest and \$ 0 on principal during the year from tax receipts. The balance of the bonds at June 30, 2010 was \$ 7,216,169. As of June 30, 2010, the investment in the TIF aggregates \$ 5,698,014, a decrease of \$ 379,867 for the year as a result of amortization of the investment.

The \$ 3,230,000 Series 1987A – deferred interest bonds were issued on March 31, 1987 with no interest being paid on the bonds with the initial issue amount accreting in value while each deferred interest bond is outstanding. As of June 30, 2010, \$ 15,393,175 of accreted interest has been recognized. These bonds will be redeemed at the accreted values as follows:

February 1, 2013	\$ 5,524,393
February 1, 2014	5,521,567
February 1, 2015	5,522,289
February 1, 2016	5,520,000
February 1, 2017	5,000,000

### G. Debt issuance costs

Debt issuance costs of \$ 84,144 and \$ 1,337,334 have been capitalized for the governmental activities and business-type activities, respectively, and are being amortized on the straight line basis over the term of the relevant debt issues. During the year ended June 30, 2010, \$ 14,024 in debt issuance costs was amortized for governmental activities and \$ 65,105 for business-type activities. Accumulated amortization as of June 30, 2010 was \$ (29,451) for the governmental activities and \$ (554,773) for the business-type activities.

## H. Compensated absences

Full-time employees with at least one year of service earn vacation of eleven to twenty days per year depending on years of service completed. The maximum vacation accrual cannot exceed the amount earned in two years. In accordance with the guidelines set forth by GASB Statement No. 16, *Accounting and Financial Reporting Principles for Claims and Judgments and Compensated Absences*, a provision has been made for accumulated vacation, compensatory time as follows:

Governmental activities	\$ 1,402,487
Business-type activities	228,131
Total	<u>\$ 1,630,618</u>

Full-time employees are granted sick leave at the rate of 8 or 10 hours per month. Employees may accumulate unused sick leave up to a maximum of 90 days. Any sick leave accumulated over 720 hours will be paid to the employee at a rate not to exceed \$ 15 per day for a maximum of 12 days per year, except for Firemen, which rate is \$ 50 per day for a maximum of 12 days per year. As of June 30, 2010, approximately 178,000 hours of accrued sick leave time is available for use by employees.

## I. Interfund receivables, payables, and transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Police fund	General Fund	\$ 156,849
Fire fund	General Fund	156,849
Nonmajor governmental	General Fund	156,849
Enid Municipal Authority	General Fund	1,337,400
Totals		<u>\$ 1,807,947</u>

Interfund transfers:

	Transfers Out				Totals
	General Fund	Police Fund	Nonmajor Governmental Funds	Enid Municipal Authority	
Transfer in:					
General fund	\$ -	\$ -	\$ -	\$ 4,715,004	\$ 4,715,004
Police fund	7,357,892	-	-	-	7,357,892
Fire fund	6,388,552	-	-	-	6,388,552
Capital improvements	654,000	-	-	53,500	707,500
Nonmajor governmental	3,000,901	50,000	38,038	4,462,492	7,551,431
Enid Municipal Authority	7,723,993	-	-	-	7,723,993
Nonmajor proprietary	790,000	-	-	-	790,000
Totals	<u>\$ 25,915,338</u>	<u>\$ 50,000</u>	<u>\$ 38,038</u>	<u>\$ 9,230,996</u>	<u>\$ 35,234,372</u>

In addition to the above transfers, \$ 4,734,109 expended in governmental funds for capital projects were reclassified and transferred to the Enid Municipal Authority and \$ 519,191 was reclassified and transferred to nonmajor proprietary funds for purposes of the government-wide financial statements. These amounts are included in transfers for the proprietary fund statements.



## J. Landfill closure and post-closure liability

Federal and State regulations require the City to place a final cover on its landfill site when it stops accepting waste, and to perform certain maintenance and monitoring functions at the site for thirty (30) years after closure. Although closure and post-closure care costs will be paid only near or after the date the landfill stops accepting waste, the City reports a portion of those costs as an operating expense of the Enid Municipal Authority each fiscal year. The amount of the current period expense is based upon the amount of landfill capacity used as of each fiscal year-end as adjusted by actual usage and estimates.

The \$ 3,980,444 reported as other noncurrent liabilities for the accrued landfill closure cost liability as of June 30, 2010, represents the cumulative amount of such cost reported to date based on the use of approximately 47 % of the estimated capacity of the landfill. The Enid Municipal Authority will recognize the remaining estimated costs of closure and post-closure care in the amount of \$ 8,469,079 as the remaining estimated capacity is filled. These amounts are based on what it would cost to perform all closure and post-closure care in 2010. The City expects to close the landfill in 2039. Actual costs may be more or less at that time than are currently estimated. The estimated closure and post-closure costs and the accrued liability as of June 30, 2010, are as follows:

Estimated closure costs	\$ 4,299,277
Estimated post-closure costs	<u>4,169,802</u>
Total estimated costs	8,469,079
Accrued closure costs	<u>3,980,444</u>
Current estimated costs charged to expense	<u>\$ 611,794</u>

The City qualified under the State of Oklahoma Department of Environmental Quality (DEQ) financial assurance test relating to these future closure and post-closure costs, whereby the City's overall financial condition, general obligation bond rating of A2 from Moody's Investor's Service, and other submitted information serves as evidence of the City's ability to pay for the closure and post-closure care costs when the landfill is actually closed.

## VI. Revenues, expenditures and expenses

### A. Sales tax

The sales tax rate in the City of Enid is 8.35%. The State of Oklahoma receives 4.5% and the City receives 3.50% and Garfield County receives .35%. The 3.50% for the City of Enid is broken down as follows:

- 2% remains in the General Fund to fund City operations.
- 1% is transferred to the Enid Municipal Authority to pay for capital infrastructure and water bond debt.
- 1/4% is transferred to the Police and Fire Fund to pay for capital items.
- 1/8% is transferred to the Enid Municipal Authority to pay for the 2003 School Bond debt.
- 1/8% is transferred to the Street Improvement Fund to help pay for arterial street improvements.

The use tax mirrors the sales tax rate and applies to purchases by a resident or business in Enid for the use, storage or consumption of goods in Oklahoma that were purchased outside of the state.

## **VII. Other information**

### **A. Risk management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City has insurance for the major risks such as property, general liability, workers' compensation, and unemployment. Commercial insurance is used to cover general liability claims and the risk of loss to City buildings and mobile equipment. Judgments against the City may be paid by a property tax assessment over a three-year period.

### **B. Contingent liabilities**

Amounts received or receivable from grant agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures that may be disallowed by the grantor cannot be determined at this time, although the City expects such amounts, if any, to be immaterial.

The City is a defendant in various lawsuits. Although the outcome of these lawsuits is not presently determinable, in the opinion of the City's counsel the resolution of these matters will not have a material adverse effect on the financial condition of the City.

### **C. Employee retirement systems and pension plans**

The City of Enid participates in the Oklahoma State Police Pension and Retirement System (OPPRS) and the Oklahoma State Firefighters' Pension and Retirement System (OFPRS), both of which are cost-sharing multiple-employer defined benefit pension plans administered by the State of Oklahoma. Additionally, for other City employees not covered by the other plans, the City of Enid maintains a defined benefit plan—the Employee Retirement System of Enid, Oklahoma (the Plan) and an elective Section 401(k) Plan (the Supplement).

#### Oklahoma State Police Pension and Retirement System (OPPRS)

Plan Description – The OPPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OPPRS. The OPPRS issues a publicly available financial report that includes financial statements and required supplementary information for the police employees of the City. That report may be obtained by writing to the Oklahoma State Police Pension and Retirement System, 1001 N.W. 63rd Street, Suite 305, Oklahoma City, Oklahoma 73116-7339, or by calling 1-405-840-3555.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary and the City of Enid contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OPPRS for the year ended June 30, 2010 and 2009, for employees and employer were \$ 349,063 and \$ 321,528 and \$ 575,268 and \$ 530,076, respectively, on covered payroll of \$ 4,445,978 and \$ 4,077,491, respectively.

#### Oklahoma State Firefighters' Pension and Retirement System (OFPRS)

Plan Description – The OFPRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The ability to establish and amend benefit provisions is delegated to the administrators of the OFPRS. The

OFPRS issues a publicly available financial report that includes financial statements and required supplementary information for the firefighting employees of the City. That report may be obtained by writing to the Oklahoma State Firefighters' Pension and Retirement System, 4545 North Lincoln Boulevard, Suite 265, Oklahoma City, Oklahoma 73105, or by calling 1-405-525-7813.

Funding Policy – Plan members are required to contribute 8.0% of their annual covered salary and the City of Enid contributes 13.0% of annual covered payroll. The contribution requirements of plan members and the City are established and may be amended by the state legislature. Contributions to the OFPRS for the year ended June 30, 2010 and 2009, for employees and employer were \$ 355,971 and \$ 332,904 and \$ 584,691 and \$ 572,290, respectively, on covered payroll of \$ 4,452,508 and \$ 4,169,050, respectively.

Employee Retirement System of Enid, Oklahoma

Plan Description – The Employee Retirement System of Enid, Oklahoma (the Plan) is a single-employer defined benefit pension plan administered by the City of Enid's management, with assets managed by Wells Fargo. The Plan provides retirement, disability, and death benefits to Plan members and beneficiaries.

Membership in the Plan is provided for all full-time employees after one year of service except police and firemen, who are covered by their respective state retirement plans. Membership consisted of the following at January 1, 2010, the date of the last actuarial valuation:

Active participants	247
Vested terminated participants	81
Retired participants and beneficiaries	96
Total participants	<u>424</u>

Benefits vest after five years of credited service and participation. Employees, who retire at age 65 or completion of five years of service, if later, are entitled to an annual retirement benefit, payable monthly in an amount equal to .85% of average compensation for each year (up to 35 years) that the employee participates in the plan plus .65 % of average basic earnings in excess of \$ 6,600 for each year (up to 35 years) the employee participates in the plan.

After 35 years of service, the benefit is 1.2% of average compensation. Normal retirement is at age 65, but full accrued benefits are provided at age 62 with 15 years of service, or under the Rule of 85.

An employee is eligible for an early retirement benefit once he has attained age 55 and has completed five years of service. The amount of benefit is determined based on normal retirement computation; then reduced ½ of 1 % for each month the participant is from age 65. A late retirement benefit is computed in the same manner as a normal retirement based on average salary and credited service as of the termination of employment.

Employee contributions are returned with interest if their employment is terminated prior to completion of the years of service needed for vesting. A death benefit is payable after five years of service based on 50% of the employee's accrued benefit. This benefit is payable for life or until remarriage of the surviving spouse.

Funding Policy – Benefits are entirely funded by employer contributions as determined at an actuarially determine rate. The current rate is 3.75% of annual covered payroll. The

employer contribution for the year ended June 30, 2010 and 2009 was \$ 301,354 and \$ 292,387, respectively. For the year ended June 30, 2010 and 2009 the City's payroll for all employees eligible to participate in the plan and the City's total covered payroll were \$ 11,660,409 and \$ 10,015,669, respectively.

The annual required contribution for the current year was determined as part of the January 1, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included 7.0% investment rate of return and projected salary increases of 4% per annum, compounded annually. The assumptions did not include post-retirement benefit increases, which are consistent with the terms of the pension agreement.

Significant actuarial assumptions used to compute the actuarially determined contribution requirements are the same as those used to compute the pension benefit obligation.

Historical trend information for the Employee Retirement System of the City of Enid for the past six (6) years (only information available) is as follows:

Accrual Valuation Date	Value of Assets Available for Benefits	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Percentage Funded	Annual Covered Payroll	Unfunded Actuarial Accrued Liability as a Percentage of Covered Payroll
01/01/10	\$ 14,647,106	\$ 17,121,392	\$ 2,474,286	85.55%	\$ 8,358,315	29.60 %
01/01/09	11,749,202	15,838,684	4,089,483	74.18%	7,069,372	57.85 %
01/01/08	16,696,899	14,517,296	(2,179,603)	115.01%	6,034,485	(36.12)%
01/01/07	15,895,350	13,880,520	(2,014,830)	114.52%	5,825,779	(34.58)%
01/01/06	14,567,091	13,080,824	(1,486,267)	111.36%	5,292,363	(28.08)%
01/01/05	14,202,306	12,491,387	(1,710,919)	113.70%	5,089,488	(33.62)%
01/01/04	13,262,967	12,194,806	(1,068,161)	108.76%	5,605,584	(19.06)%
01/01/03	11,371,386	12,016,944	645,558	94.63%	5,944,203	10.86 %
01/01/02	12,696,281	11,529,237	(1,157,044)	110.03%	6,606,012	(17.52)%

The total actuarial liability exceeded the net assets available for benefits by \$ 4,089,482 at January 1, 2010, as follows:

Actuarial accrued liability	\$ 17,121,392
Net assets available for benefits (actuarial value)	14,647,106
Unfunded actuarial accrued liability	<u>\$ 2,474,286</u>

Any amounts shown for valuation prior to January 1, 1998, are the pension benefit obligation (PBO) as defined in GASB Statement No. 5, *Accounting for Contingencies*. GASB Statement No. 25, *Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*, which replaced GASB Statement No. 5, requires that the actuarial accrued liability used to fund the Plan be used to measure funding progress.

#### Section 401(k) Plan

Plan Description – The City of Enid also maintains a 401(k) Retirement Plan (the Supplement), a defined contribution pension plan for other than employees covered under the OPFRS or OFFRS plans. Employees are eligible to participate in the Supplement upon employment, provided they are at least 21 years of age, with vesting in employer contributions is upon contribution by the City. Participants may elect to make voluntary contributions through regular payroll deductions up to allowable IRS limits, with the City

making matching contributions to those participants' accounts at a rate of 50% of the first 8% of the employees' compensation that is contributed by the employee.

Funding Policy – Contributions to the 401(k) Plan plus earnings, constitute retirement benefits from this plan. For the years ended June 30, 2010 and 2009, covered payroll for the Supplement was \$ 10,895,058 and \$ 9,964,773 while employee and employer contributions totaled \$ 401,742 and \$ 348,853 and \$ 265,501 and \$ 158,832, respectively, for the years ended June 30, 2010 and 2009.

#### ICMA Plan

The City also allows all employees to make voluntary contributions with no employer match to a Section 457 Deferred Compensation plan maintained by the ICMA Retirement Corporation. During the year ended June 30, 2010, employees contributed \$ 6,440 to this plan.

#### **D. Property taxes**

Property taxes levied by the City are billed and collected by the county treasurer's office and remitted to the City in the month following the collection. Property taxes are levied annually in October and are due in equal installments on December 31 and March 31. Property taxes unpaid for the fiscal year are attached by an enforceable lien on property in the following October. The City recognizes the tax in the year it is collected, which is not considered to be materially different from the year earned. For the years ended June 30, 2010 and 2009, the City's net assessed valuation of taxable real and personal property aggregated \$ 268,387,213 and \$ 244,311,479 while the property taxes levied per \$ 1,000 of net assessed valuation were \$ 7.33 and \$ 8.52, respectively.

#### **E. Post employment benefits other than retirement**

The City of Enid has established a continuation of medical coverage plan for retired employees whereby the retired employee and their dependents can continue to participate in the City's health insurance plan. The retired employee who participates in the health insurance plan shall pay the full cost of said health insurance plan at the rates and terms established by the City. The City offers the plan to those retired employees unless the retired employee or dependent is over sixty-five years of age and qualifies for Medicare. For the year ended June 30, 2010, retirees and dependents paid the full cost of the coverage.

#### **F. ADA Obligations and commitments**

On August 1, 2006 Tiessen, Haney and Access Now sued the City of Enid in federal district court seeking affirmative injunctive relief under the Americans With Disabilities Act (ADA). The suit covers all city owned buildings, parks and sidewalks, intersections and rights of ways located in the city limits of Enid. The plaintiffs are not entitled to damages under the ADA but their attorney fees and costs are recoverable from the City. The City has insurance through OMAG (Oklahoma Municipal Assurance Group) and the fees and costs will be paid by OMAG.

The parties settled in December of 2010. The settlement agreement requires the City to transition to full compliance with ADA in building improvements and parks over a ten year period. These improvements will be budgeted for the applicable fiscal year in which they are to be completed. It is anticipated that the City will be compliant in 2021, and is required to spend at least \$ 300,000 per year making ADA improvements.

## G. Prior period adjustments

Adjustments were made to beginning net assets in the government-wide statements and the fund financial statements to correct errors in the prior year's financial statements.

The details of the adjustments are as follows:

<u>Government-wide financial statements – net assets –</u>	<u>Business-type Activities</u>			
Accounts receivable	\$ 759,319			
Capital assets	1,516,193			
Totals	<u>\$ 2,275,512</u>			

Fund financial statements – net assets –	Enid Municipal Authority	EEDA	Woodring Airport	Nonmajor Enterprise
Accounts receivable	\$ 759,319	\$ -	\$ -	\$ -
Capital assets	-	24,751	1,451,558	39,884
Totals	<u>\$ 759,319</u>	<u>\$ 24,751</u>	<u>\$ 1,451,558</u>	<u>\$ 39,884</u>

**City of Enid, Oklahoma**  
**Budgetary Comparison Schedule**  
**General Fund and Major Special Revenue Funds (Budgetary Basis)**  
**Year Ended June 30, 2010**

	General Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Fund balance, beginning</b>	\$ 10,076,690	\$ 10,076,690	\$ 9,533,618	\$ (543,072)
<b>Resources</b>				
Taxes	29,192,000	29,192,000	28,587,451	(604,549)
Licenses and permits	218,200	218,200	208,276	(9,924)
Intergovernmental	198,000	198,000	233,147	35,147
Fines and forfeitures	1,251,000	1,251,000	1,220,506	(30,494)
Charges for services	52,800	52,800	89,124	36,324
Miscellaneous	541,000	541,000	349,124	(191,876)
Interest	425,000	425,000	665,381	240,381
Operating transfers	4,715,000	4,715,000	4,715,004	4
<b>Total resources</b>	<u>36,593,000</u>	<u>36,593,000</u>	<u>36,068,013</u>	<u>(524,987)</u>
Amounts available for appropriation	46,669,690	46,669,690	45,601,631	(1,068,059)
<b>Charges to appropriations:</b>				
Administration	810,140	785,140	778,302	6,838
Human resources	753,855	799,201	760,238	38,963
Legal	516,910	518,753	503,843	14,910
General government	940,525	960,225	935,614	24,611
Treasury and budget	589,155	605,018	495,153	109,865
Records and receipts	264,975	265,387	251,923	13,464
Information technology	433,435	433,670	410,431	23,239
Management services	342,490	367,490	364,831	2,659
Police	-	-	-	-
Fire	-	-	-	-
Warehouse	157,295	157,295	146,113	11,182
Code enforcement	875,165	880,883	769,260	111,623
Engineering	1,107,990	1,121,499	1,003,844	117,655
Fleet management	559,960	560,085	551,348	8,737
Street	2,346,445	2,353,590	2,251,074	102,516
Maintenance and technical svcs	674,085	703,585	704,670	(1,085)
Park/stormwater	996,935	1,122,160	1,103,885	18,275
Library	872,065	872,065	854,971	17,094
Capital outlay	886,575	1,203,215	649,672	553,543
Operating transfers	26,164,000	26,259,000	26,250,518	8,482
<b>Total charges to appropriations</b>	<u>39,292,000</u>	<u>39,968,261</u>	<u>38,785,690</u>	<u>1,182,571</u>
<b>Fund balance, ending</b>	<u>\$ 7,377,690</u>	<u>\$ 6,701,429</u>	<u>\$ 6,815,941</u>	<u>\$ 114,512</u>

See disclaimer in accompanying Independent Auditor's Report.

Police Fund			
Budget			Variance with Final Budget Positive (Negative)
Original	Final	Actual	
\$ 2,105,152	\$ 2,105,152	\$ 4,765,735	\$ 2,660,583
-	-	-	-
-	-	-	-
244,500	244,500	156,994	(87,506)
-	-	-	-
-	-	-	-
58,000	58,000	108,818	50,818
125,000	125,000	102,368	(22,632)
7,400,000	7,400,000	7,353,589	(46,411)
<u>7,827,500</u>	<u>7,827,500</u>	<u>7,721,769</u>	<u>(105,731)</u>
9,932,652	9,932,652	12,487,504	2,554,852
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
3,034,000	3,137,482	1,612,138	1,525,344
-	85,000	50,000	35,000
<u>10,797,595</u>	<u>10,914,167</u>	<u>9,186,735</u>	<u>1,727,432</u>
<u>\$ (864,943)</u>	<u>\$ (981,515)</u>	<u>\$ 3,300,769</u>	<u>\$ 4,282,284</u>



**City of Enid, Oklahoma**  
**Budgetary Comparison Schedule**

**General Fund and Major Special Revenue Funds (Budgetary Basis)**  
**Year Ended June 30, 2010**

	Fire Fund			Variance with Final Budget Positive (Negative)
	Budget		Actual	
	Original	Final		
<b>Fund balance, beginning</b>	\$ 784,717	\$ 784,717	\$ 1,521,909	\$ 737,192
<b>Resources</b>				
Taxes	-	-	-	-
Licenses and permits	-	-	-	-
Intergovernmental	270,000	270,000	172,597	(97,403)
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Miscellaneous	7,915	7,915	26,163	18,248
Interest	102,000	102,000	44,907	(57,093)
Operating transfers	6,430,000	6,430,000	6,384,250	(45,750)
<b>Total resources</b>	<b>6,809,915</b>	<b>6,809,915</b>	<b>6,627,917</b>	<b>(181,998)</b>
Amounts available for appropriation	7,594,632	7,594,632	8,149,826	555,194
<b>Charges to appropriations:</b>				
Administration	-	-	-	-
Human resources	-	-	-	-
Legal	-	-	-	-
General government	-	-	-	-
Accounting	-	-	-	-
Records and receipts	-	-	-	-
Information technology	-	-	-	-
Management services	-	-	-	-
Police	-	-	-	-
Fire	6,639,190	6,651,529	6,090,243	561,286
Warehouse	-	-	-	-
Community development	-	-	-	-
Engineering	-	-	-	-
Fleet management	-	-	-	-
Street and traffic	-	-	-	-
Maintenance and technical svcs	-	-	-	-
Park/stormwater	-	-	-	-
Library	-	-	-	-
Capital outlay	670,000	1,983,307	1,449,147	534,160
Operating transfers	-	-	-	-
<b>Total charges to appropriations</b>	<b>7,309,190</b>	<b>8,634,836</b>	<b>7,539,390</b>	<b>1,095,446</b>
<b>Fund balance, ending</b>	<b>\$ 285,442</b>	<b>\$ (1,040,204)</b>	<b>\$ 610,436</b>	<b>\$ 1,650,640</b>

See disclaimer in accompanying Independent Auditor's Report.

**City of Enid, Oklahoma**  
**Explanation of Differences between Revenues, Expenditures, and Other**  
**Financing Sources (Uses) for Budgetary Funds on a Budgetary Basis and**  
**GAAP General Fund and Major Special Revenue Funds on a GAAP Basis**  
**Year Ended June 30, 2010**

<u><b>Budgetary funds</b></u>	General Fund	Police Fund
<u><b>Financial statement major funds</b></u>		
<b>Revenues</b>		
Actual amounts (budgetary basis) "revenues" from the budgetary comparison schedules	\$ 31,353,009	\$ 368,180
Adjustments:		
<i>Budgetary</i> general fund revenues are reported on the cash basis, rather than the modified accrual basis	48,462	6,455
Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	\$ 31,401,471	\$ 374,635
<b>Expenditures</b>		
Actual amounts (budgetary basis) "expenditures" from the budgetary comparison schedules	\$ 12,535,172	\$ 9,136,735
Adjustments:		
Encumbrances for goods and services ordered but not received are reported in the year the order is placed for budgetary purposes, but in the year the supplies are received for GAAP reporting	(64,292)	(37,087)
Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances – governmental funds	\$ 12,470,880	\$ 9,099,648
<b>Other financing sources (uses)</b>		
Actual amounts (budgetary basis) "other financing sources and uses" from the budgetary comparison schedules	\$ (21,535,514)	\$ 7,303,589
Adjustments:		
Budgetary amounts are reported on the cash basis, rather than modified accrual basis:		
Capital expenditures transferred to proprietary funds	380,707	-
Tax revenues accrued and transferred to other funds	(45,527)	4,303
Total other financing sources as reported on the statement of revenues, expenditures, and changes in fund balances—governmental funds	\$ (21,200,334)	\$ 7,307,892

See disclaimer in accompanying Independent Auditor's Report.

Fire  
Fund

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\$ 243,667

(128,731)

\$ 114,936

\$ 7,539,390

(1,260,148)

\$ 6,279,242

\$ 6,384,250

4,302

-

\$ 6,388,552

**City of Enid, Oklahoma**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**

	Special Revenue			
	Special Projects Fund	Water Assessment	Street and Alley Fund	Community Intervention Center
<b>Assets</b>				
Cash and cash equivalents	\$ 292,538	\$ -	\$ -	\$ -
Claim on pooled cash	706	6,665	2,529,647	6,539
Receivables:				
Taxes	-	-	111,205	-
Due from other governments	-	-	-	9,288
Due from other funds	-	-	-	-
Total assets	<u>\$ 293,244</u>	<u>\$ 6,665</u>	<u>\$ 2,640,852</u>	<u>\$ 15,827</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ 6,665	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	5,375	-	-	-
Total liabilities	<u>5,375</u>	<u>6,665</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>				
Reserved:				
Capital improvements	-	-	-	-
Debt service	-	-	-	-
Encumbrances	2,390	-	1,014,671	-
Unreserved:				
Designated	285,479	-	1,626,181	15,827
Total fund balances	<u>287,869</u>	<u>-</u>	<u>2,640,852</u>	<u>15,827</u>
Total liabilities and fund balances	<u>\$ 293,244</u>	<u>\$ 6,665</u>	<u>\$ 2,640,852</u>	<u>\$ 15,827</u>

## Special Revenue

Health Care Fund	CDBG Fund	Paving Assessment	Park Board	Employee Severance	911 Fund
\$ (3,841)	\$ (9,159)	\$ -	\$ -	\$ -	\$ -
3,088,113	116,867	1,886	128,123	24,750	351,096
-	-	-	-	-	138,973
-	17,265	-	6,560	-	-
-	-	-	-	-	-
<u>\$ 3,084,272</u>	<u>\$ 124,973</u>	<u>\$ 1,886</u>	<u>\$ 134,683</u>	<u>\$ 24,750</u>	<u>\$ 490,069</u>
\$ 193,298	\$ 1,581	\$ 1,886	\$ -	\$ -	\$ 180
-	-	-	-	-	-
-	-	-	-	-	-
<u>193,298</u>	<u>1,581</u>	<u>1,886</u>	<u>-</u>	<u>-</u>	<u>180</u>
-	-	-	95,272	-	-
-	-	-	-	-	-
-	67,913	-	39,411	-	750
2,890,974	55,479	-	-	24,750	489,139
<u>2,890,974</u>	<u>123,392</u>	<u>-</u>	<u>134,683</u>	<u>24,750</u>	<u>489,889</u>
<u>\$ 3,084,272</u>	<u>\$ 124,973</u>	<u>\$ 1,886</u>	<u>\$ 134,683</u>	<u>\$ 24,750</u>	<u>\$ 490,069</u>

**City of Enid, Oklahoma**  
**Combining Balance Sheet**  
**Nonmajor Governmental Funds**  
**June 30, 2010**  
(continued)

	Capital Projects			
	Street Improvement Fund	Capital Projects Escrow	Sanitary Sewer Fund	Storm Water Fund
<b>Assets</b>				
Cash and cash equivalents	\$ -	\$ -	\$ -	\$ -
Claim on pooled cash	2,074,270	662,610	7,937,780	2,979,425
Receivables:				
Taxes	-	-	-	-
Due from other governments	-	-	-	-
Due from other funds	156,849	-	-	-
Total assets	<u>\$ 2,231,119</u>	<u>\$ 662,610</u>	<u>\$ 7,937,780</u>	<u>\$ 2,979,425</u>
<b>Liabilities</b>				
Accounts payable and accrued liabilities	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Deferred revenue	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Fund balances</b>				
Reserved:				
Capital improvements	880,262	660,788	-	2,871,129
Debt service	-	-	-	-
Encumbrances	1,350,857	1,822	7,937,780	108,296
Unreserved:				
Designated	-	-	-	-
Total fund balances	<u>2,231,119</u>	<u>662,610</u>	<u>7,937,780</u>	<u>2,979,425</u>
Total liabilities and fund balances	<u>\$ 2,231,119</u>	<u>\$ 662,610</u>	<u>\$ 7,937,780</u>	<u>\$ 2,979,425</u>

<u>Capital Projects</u>	<u>Debt Service</u>	Total
Water Capital Improvements	Sinking Fund	Nonmajor Governmental Funds
\$ -	\$ -	\$ 279,538
(310,990)	1,104,586	20,702,073
-	88,092	338,270
-	-	33,113
-	-	156,849
<u>\$ (310,990)</u>	<u>\$ 1,192,678</u>	<u>\$ 21,509,843</u>
\$ -	\$ -	\$ 203,610
-	-	-
-	62,724	68,099
<u>-</u>	<u>62,724</u>	<u>271,709</u>
(310,990)	-	4,196,461
-	1,129,954	1,129,954
-	-	10,523,890
-	-	5,387,829
<u>(310,990)</u>	<u>1,129,954</u>	<u>21,238,134</u>
<u>\$ (310,990)</u>	<u>\$ 1,192,678</u>	<u>\$ 21,509,843</u>

**City of Enid, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2010**

	Special Revenue			
	Special Projects Fund	Water Assessment	Street and Alley Fund	Community Intervention Center
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	-	-	-
Intergovernmental	-	-	410,340	174,820
Other	30,177	-	-	-
Interest	2,990	-	51,439	697
Total revenues	<u>33,167</u>	<u>-</u>	<u>461,779</u>	<u>175,517</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	61,513	-	-	-
Public works	-	-	368,499	286,015
Culture and recreation	-	-	-	-
Debt service				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	-	-	530,001	-
Total expenditures	<u>61,513</u>	<u>-</u>	<u>898,500</u>	<u>286,015</u>
Excess of revenues over (under) expenditures	(28,346)	-	(436,721)	(110,498)
<b>Other financing sources (uses)</b>				
Transfers in	-	-	1,275,000	90,000
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>1,275,000</u>	<u>90,000</u>
<b>Net change in fund balances</b>	(28,346)	-	838,279	(20,498)
Fund balances, beginning	<u>316,215</u>	<u>-</u>	<u>1,802,573</u>	<u>36,325</u>
Fund balances, ending	<u>\$ 287,869</u>	<u>\$ -</u>	<u>\$ 2,640,852</u>	<u>\$ 15,827</u>



## Special Revenue

Health Care Fund	CDBG Fund	Paving Assessment	Park Board	Employee Severance	911 Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,167,793	-	-	11,090	-	-
-	524,239	-	6,560	-	764,163
-	712	-	7,598	-	-
78,609	-	-	3,037	-	11,340
<u>3,246,402</u>	<u>524,951</u>	<u>-</u>	<u>28,285</u>	<u>-</u>	<u>775,503</u>
2,933,630	-	-	-	-	-
-	-	-	-	-	826,079
-	526,498	-	-	-	-
-	-	-	8,365	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	25
<u>2,933,630</u>	<u>526,498</u>	<u>-</u>	<u>8,365</u>	<u>-</u>	<u>826,104</u>
312,772	(1,547)	-	19,920	-	(50,601)
-	-	-	25,000	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>25,000</u>	<u>-</u>	<u>-</u>
312,772	(1,547)	-	44,920	-	(50,601)
2,578,202	124,939	-	89,763	24,750	540,490
<u>\$ 2,890,974</u>	<u>\$ 123,392</u>	<u>\$ -</u>	<u>\$ 134,683</u>	<u>\$ 24,750</u>	<u>\$ 489,889</u>

**City of Enid, Oklahoma**  
**Combining Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Nonmajor Governmental Funds**  
**Year Ended June 30, 2010**  
(continued)

	Capital Projects			
	Street Improvement Fund	Capital Projects Escrow	Sanitary Sewer Fund	Storm Water Fund
<b>Revenues</b>				
Taxes	\$ -	\$ -	\$ -	\$ -
Charges for services	-	35,101	-	-
Intergovernmental	-	-	-	-
Other	-	-	-	-
Interest	-	16,021	130,083	33,115
Total revenues	<u>-</u>	<u>51,122</u>	<u>130,083</u>	<u>33,115</u>
<b>Expenditures</b>				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service:				
Principal	-	-	-	-
Interest	-	-	-	-
Capital outlay	553,984	3,459	1,064,342	205,477
Total expenditures	<u>553,984</u>	<u>3,459</u>	<u>1,064,342</u>	<u>205,477</u>
Excess of revenues over (under) expenditures	(553,984)	47,663	(934,259)	(172,362)
<b>Other financing sources (uses)</b>				
Transfers in	1,660,901	-	2,393,015	1,125,963
Transfers (out)	-	(38,038)	-	-
Total other financing sources (uses)	<u>1,660,901</u>	<u>(38,038)</u>	<u>2,393,015</u>	<u>1,125,963</u>
<b>Net change in fund balances</b>	1,106,917	9,625	1,458,756	953,601
Fund balances, beginning	<u>1,124,202</u>	<u>652,985</u>	<u>6,479,024</u>	<u>2,025,824</u>
Fund balances, ending	<u>\$ 2,231,119</u>	<u>\$ 662,610</u>	<u>\$ 7,937,780</u>	<u>\$ 2,979,425</u>

<u>Capital Projects</u>	<u>Debt Service</u>	
Water Capital Improvements	Sinking Fund	Total Nonmajor Governmental Funds
\$ -	\$ 1,951,910	\$ 1,951,910
-	-	3,213,984
-	-	1,880,122
-	-	38,487
-	-	327,331
<u>-</u>	<u>1,951,910</u>	<u>7,411,834</u>
-	-	2,933,630
-	-	887,592
-	-	1,181,012
-	-	8,365
-	2,022,937	2,022,937
-	264,337	264,337
2,593,017	-	4,950,305
<u>2,593,017</u>	<u>2,287,274</u>	<u>12,248,178</u>
(2,593,017)	(335,364)	(4,836,344)
2,282,027	-	8,851,906
-	-	(38,038)
<u>2,282,027</u>	<u>-</u>	<u>8,813,868</u>
(310,990)	(335,364)	3,977,524
-	1,465,319	17,260,611
<u>\$ (310,990)</u>	<u>\$ 1,129,955</u>	<u>\$ 21,238,135</u>

**City of Enid, Oklahoma**  
**Combining Statement of Net Assets**  
**Nonmajor Proprietary Funds/Enterprise Funds**  
**June 30, 2010**

	Enterprise	
	Cherokee Strip Conference Center	Enid Public Transportation Authority
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 55,507	\$ 34,716
Claim on pooled cash	614,999	135,100
Accounts receivable (net of allowance for uncollectibles)	99,846	-
Due from other governments	-	105,532
Inventories	-	-
Total current assets	<u>770,352</u>	<u>275,348</u>
Noncurrent assets:		
Capital assets (net of accumulated depreciation)	4,251,813	626,487
Total noncurrent assets	<u>4,251,813</u>	<u>626,487</u>
Total assets	<u>5,022,165</u>	<u>901,835</u>
<b>Liabilities</b>		
Current liabilities:		
Accounts payable and accrued liabilities	33,350	-
Customer deposits	6,605	-
Current portion of long-term obligations	-	-
Total current liabilities	<u>39,955</u>	<u>-</u>
Noncurrent liabilities:		
Capital lease obligations	-	-
Accrued compensated absences	-	21,716
Less: current portion of long-term obligations	-	-
Total noncurrent liabilities	<u>-</u>	<u>21,716</u>
Total liabilities	<u>39,955</u>	<u>21,716</u>
<b>Net assets</b>		
Invested in capital assets, net of related debt	4,251,813	626,487
Restricted:		
Other	92,268	253,632
Unrestricted	638,129	-
Total net assets	<u>\$ 4,982,210</u>	<u>\$ 880,119</u>

Enterprise		Total
Vance Development Authority	Meadowlake Golf Course	Nonmajor Enterprise Funds
\$ -	\$ -	\$ 90,223
188,659	(56,962)	881,796
-	-	99,846
-	-	105,532
-	-	-
<u>188,659</u>	<u>(56,962)</u>	<u>1,177,397</u>
-	376,758	5,255,058
-	376,758	5,255,058
<u>188,659</u>	<u>319,796</u>	<u>6,432,455</u>
-	237	33,587
-	-	6,605
-	22,819	22,819
-	23,056	63,011
-	46,903	46,903
-	10,005	31,721
-	(22,819)	(22,819)
-	34,089	55,805
-	57,145	118,816
-	329,855	5,208,155
140,000	-	485,900
48,659	(67,204)	619,584
<u>\$ 188,659</u>	<u>\$ 262,651</u>	<u>\$ 6,313,639</u>

**City of Enid, Oklahoma**  
**Combining Statement of Revenues, Expenses, and Changes in Net Assets**  
**Nonmajor Proprietary Funds/Enterprise Funds**  
**Year Ended June 30, 2010**

	Enterprise	
	Cherokee Strip Conference Center	Enid Public Transportation Authority
<b>Operating revenues</b>		
Charges for services	\$ 232,940	\$ 206,741
Total operating revenues	<u>232,940</u>	<u>206,741</u>
<b>Operating expenses</b>		
Airport	-	-
Conference center	910,990	-
Transportation	-	813,334
Golf course	-	-
Economic development	-	-
Depreciation and amortization	103,858	100,582
Total operating expenses	<u>1,014,848</u>	<u>913,916</u>
Net operating income (loss)	(781,908)	(707,175)
<b>Nonoperating revenues (expenses)</b>		
Taxes	735,965	-
Interest income	68,987	10,433
Government grants	-	719,333
Miscellaneous	-	-
Gain (loss) on disposition of assets	-	(3,285)
Interest and fiscal charges	-	-
Total nonoperating revenues (expenses)	<u>804,952</u>	<u>726,481</u>
<b>Operating transfers</b>		
Transfers in	371,384	120,000
Transfers out	-	-
Total operating transfers	<u>371,384</u>	<u>120,000</u>
<b>Net income (loss)</b>	394,428	139,306
Net assets, beginning, restated	<u>4,587,782</u>	<u>740,813</u>
Net assets, ending	<u>\$ 4,982,210</u>	<u>\$ 880,119</u>

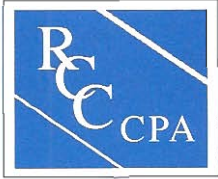
Enterprise		Total Nonmajor Enterprise Funds
Vance Development Authority	Meadowlake Golf Course	
\$ -	\$ 365,797	\$ 805,478
-	365,797	805,478
-	-	-
-	-	910,990
-	-	813,334
-	486,282	486,282
155,326	-	155,326
-	76,555	280,995
155,326	562,837	2,646,927
(155,326)	(197,040)	(1,841,449)
-	-	735,965
-	4,930	84,350
-	-	719,333
-	662	662
-	826	(2,459)
-	(2,821)	(2,821)
-	3,597	1,535,030
50,000	-	541,384
-	-	-
50,000	-	541,384
(105,326)	(193,443)	234,965
293,985	456,094	6,078,674
\$ 188,659	\$ 262,651	\$ 6,313,639

**City of Enid, Oklahoma**  
**Combining Statement of Cash Flows**  
**Nonmajor Proprietary Funds/Enterprise Funds**  
**Year Ended June 30, 2010**

	Enterprise	
	Cherokee Strip Conference Center	Enid Public Transportation Authority
<b>Cash flows from operating activities</b>		
Receipts from customers	\$ 204,836	\$ 206,741
Payments to suppliers	(898,546)	(258,326)
Payments to employees	(13,115)	(552,215)
Net cash provided (used) by operating activities	<u>(706,825)</u>	<u>(603,800)</u>
<b>Cash flows from noncapital financing activities</b>		
Taxes	735,965	-
Miscellaneous revenues	-	-
Operating transfers in (out)	371,384	120,000
Net cash provided (used) by noncapital financing activities	<u>1,107,349</u>	<u>120,000</u>
<b>Cash flows from capital and related financing activities</b>		
Principal paid on long-term debt	-	-
Interest expense and fiscal charges	-	-
Capital grants	-	645,063
Acquisition/construction of capital assets	(518,133)	(244,781)
Net cash provided (used) by capital and related financing activities	<u>(518,133)</u>	<u>400,282</u>
<b>Cash flows from investing activities</b>		
Interest income	68,987	10,433
Net cash provided (used) by investing activities	<u>68,987</u>	<u>10,433</u>
Net increase (decrease) in cash and cash equivalents	(48,622)	(73,085)
Cash and cash equivalents, beginning	719,128	242,901
Cash and cash equivalents, ending	<u>\$ 670,506</u>	<u>\$ 169,816</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Net operating income (loss)	\$ (781,908)	\$ (707,175)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:		
Depreciation and amortization	103,858	100,582
Changes in assets and liabilities:		
(Increase) decrease in accounts receivable	(28,104)	-
Increase (decrease) in accounts payable and accrued liabilities	(871)	2,793
Increase (decrease) in customer deposits and other	200	-
Total adjustments	<u>75,083</u>	<u>103,375</u>
Net cash provided (used) by operating activities	<u>\$ (706,825)</u>	<u>\$ (603,800)</u>



Enterprise		
Vance Development Authority	Meadowlake Golf Course	Total Nonmajor Enterprise Funds
\$ -	\$ 365,797	\$ 777,374
(155,326)	(219,817)	(1,532,015)
-	(262,260)	(827,590)
<u>(155,326)</u>	<u>(116,280)</u>	<u>(1,582,231)</u>
-	-	735,965
-	662	662
50,000	-	541,384
<u>50,000</u>	<u>662</u>	<u>1,278,011</u>
-	(21,768)	(21,768)
-	(2,821)	(2,821)
-	-	645,063
-	2,569	(760,345)
<u>-</u>	<u>(22,020)</u>	<u>(139,871)</u>
-	4,930	84,350
<u>-</u>	<u>4,930</u>	<u>84,350</u>
(105,326)	(132,708)	(359,741)
293,985	75,746	1,331,760
<u>\$ 188,659</u>	<u>\$ (56,962)</u>	<u>\$ 972,019</u>
\$ (155,326)	\$ (197,040)	\$ (1,841,449)
-	76,555	280,995
-	-	(28,104)
-	4,205	6,127
-	-	200
<u>-</u>	<u>80,760</u>	<u>259,218</u>
<u>\$ (155,326)</u>	<u>\$ (116,280)</u>	<u>\$ (1,582,231)</u>



## Ronald C. Cottrell, CPA

### **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed In Accordance With *Government Auditing Standards***

August 25, 2011

City Council  
City of Enid  
Enid, Oklahoma

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Enid, Oklahoma, as of and for the year ended June 30, 2010, which collectively comprise the City of Enid's basic financial statements; and have issued our report thereon dated August 25, 2011. Our report was modified to include a reference to other auditors on the discretely presented component units. Our report also included an explanatory paragraph relating to prior period adjustments for correction of errors. We did not audit management's discussion and analysis or the budgetary comparison schedules, which are required supplementary information, and therefore expressed no opinion on it. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the City of Enid's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Enid's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City of Enid's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as discussed in the accompanying schedule of findings and questioned costs, we identified a deficiency in internal control over financial reporting that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency or combination of deficiencies in internal control such that there is a reasonable possibility that a material misstatement in the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the

## Ronald C. Cottrell, CPA

accompanying schedule of findings and questioned costs as item 2010-1 to be a material weakness.

### **Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the City of Enid's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, and which is described in the accompanying schedule of findings and questioned costs as item 2010-2.

We noted certain matters that we have reported to management of the City of Enid in a separate letter dated August 25, 2011.

The City of Enid's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the City of Enid's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the city council and management of the City of Enid and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Ronald C. Cottrell, CPA

**City of Enid, Oklahoma**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2010**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b><u>Federal Programs</u></b>			
<b><u>U. S. Department of Homeland Security</u></b>			
Pass-Through Program From:			
Oklahoma Dept of Emergency Management - Emergency Management Performance Grants	97.042	FY - 2009 FY - 2010	\$ 4,000 7,500
Fire Management Assistance Grant	97.046	FW-06-OK-2808	1,578
Total U.S. Department of Homeland Security			<u>13,078</u>
<b><u>U. S. Department of Transportation</u></b>			
Direct Program:			
Airport Improvement Program -	20.106	AIP3-4000280182006 AIP3-4000280212009 AIP3-4000280222009 AIP3-4000280232010	261,999 8,550 238,331 3,800
Pass-Through Program From:			
Oklahoma Highway Safety Office - State and Community Highway Safety	20.600	PT-09-03-12-05 OP-10-03-02-06	11,458 52,819
Transportation Enhancement Activity/ Trails Master Plan		STP-124E(109)EH	6,560
Oklahoma Department of Transportation - Formula Grants for Other Than Urbanized Areas	20.509	FY - 2009 - 5311 FY - 2010 - 5311	80,250 328,332
ARRA - Formula Grants for Other Than Urbanized Areas		OK-86-X002 ARRA	200,606
Oklahoma Department of Human Services - Capital Assistance Program for Elderly	20.513	5,310	36,741
Total U.S. Department of Transportation			<u>1,229,446</u>
<b><u>U. S. Department of Justice</u></b>			
Direct Program:			
Bureau of Justice Assistance - Edward Byrne Memorial Justice Assistance Grant	16.738	2006-DJ-BX-0482 2009-DJ-BX-1025	1,060 17,615

The accompanying notes are an integral part of this schedule.

**City of Enid, Oklahoma**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2010**

(continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b><u>Federal Programs</u></b>			
Pass-Through Program From:			
Oklahoma State Bureau of Investigation - Internet Crimes Against Children	16.543		1,560
Bulletproof Vest Partnership Program	16.607		26,854
District Attorneys Council - S.T.O.P. Violence Against Women	16.588	V08-23 V09-20	22,470 23,124
Total U.S. Department of Justice			<u>92,683</u>
<b><u>National Foundation of the Arts and the Humanities</u></b>			
Pass-Through Program From:			
Oklahoma Department of Libraries - State Library Program - State Aid Grant	45.310	FY - 2009 F-09-076	37,804 750
Total National Foundation of the Arts and the Humanities			<u>38,554</u>
<b><u>U. S. Department of Housing and Urban Development</u></b>			
Direct Program:			
Community Development Block Grant - Entitlement Grants	14.218	FY - 2005 FY - 2006 FY - 2007 FY - 2008 FY - 2009	11,299 37,803 49,032 389,789 175,190
ARRA - Community Development Block Grant		ARRA CDBG-R	55,091
Total U.S. Department of Housing and Urban Development			<u>718,204</u>
<b><u>Environmental Protection Agency</u></b>			
Pass-Through Program From:			
Oklahoma Water Resources Board ARRA - Safe Drinking Water State Revolving Fund	66.468	ORF-09-0023-DW	999,220
Total Environmental Protection Agency			<u>999,220</u>
<b><u>U.S. Department of Energy</u></b>			
Direct Program -			
ARRA - Energy Efficient and Conservation Block Grant Program	81.128	EE0002239	204,900
Total Department of Energy			<u>204,900</u>

The accompanying notes are an integral part of this schedule.

**City of Enid, Oklahoma**  
**Schedule of Expenditures of Federal Awards**  
**Year Ended June 30, 2010**

(continued)

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b><u>Federal Programs</u></b>			
<u>U. S. Department of Agriculture and Forest Service</u>			
Pass-Through Program From:			
Oklahoma Department of Agriculture and Forestry Services -			
Cooperative Forestry Assistance/ Highway Tree Grant	10.664	SAFETEALU-09-07	18,000
Total U.S. Department of Agriculture and Forest Service			<u>18,000</u>
Total Expenditures of Federal Awards			<u>\$ 3,314,085</u>

The accompanying notes are an integral part of this schedule.

**City of Enid, Oklahoma**  
**Schedule of Expenditures of State Awards**  
**Year Ended June 30, 2010**

State Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Expenditures
<b><u>State Programs</u></b>			
<u>Oklahoma Office of Juvenile Accountability, Prevention, and Protection</u>			
Community Intervention Center (CIC)		FY 2009	\$ 174,820
Total Oklahoma Office of Juvenile Accountability, Prevention, and Protection			<u>174,820</u>
<u>Oklahoma Department of Transportation</u>			
Industrial Access Road		SAP-124D(132)	91,433
Public Transit Revolving Fund		FY 2009	73,404
Total Oklahoma Department of Transportation			<u>164,837</u>
<u>Oklahoma Department of Emergency Management</u>			
Sub-Grantee Administration Costs		FEMA-1678-DR-OK	14,273
Total Oklahoma Department of Emergency Management			<u>14,273</u>
<u>Oklahoma Department of Libraries</u>			
San Jose Way Grant/State Construction Grant			5,777
Total Oklahoma Department of Libraries			<u>5,777</u>
<u>Oklahoma Arts Council</u>			
Small Grant Support			1,050
Total Oklahoma Oklahoma Arts Council			<u>1,050</u>
Total Expenditures of State Awards			<u>\$ 360,757</u>

The accompanying notes are an integral part of this schedule.

**City of Enid, Oklahoma**  
**Notes to the Schedules of Expenditures of Federal Awards**  
**Year Ended June 30, 2010**

**I. Basis of Accounting**

The accompanying schedule of expenditures of federal awards includes the federal grant activity of the City of Enid, Oklahoma and is presented on the cash basis of accounting, which is another comprehensive basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

**II. Expenditures**

Expenditures represent the current year federal grant/contract portion only.

**III. Noncash Awards**

City of Enid, Oklahoma expended no form of noncash assistance during the year and had no loan or loan guarantees outstanding at June 30, 2010, which are required by OMB Circular A-133 to be included in the schedule of expenditures of federal awards.

**IV. Subrecipients**

City of Enid, Oklahoma provided no federal awards to subrecipients.



**City of Enid, Oklahoma**  
**Summary Schedule of Prior Audit Findings**

**Financial Statement Findings**

**2009 – 1 Financial Reporting Process**

Condition – The financial statements of the City of Enid as of and for the year ended June 30, 2008 included several errors in balances and amounts presented that had to be adjusted in current financial statements as of and for the year ended June 30, 2009. These prior period adjustments are reflected in the accompanying financial statements and footnotes. Net adjustments totaling approximately \$ 262,112 and \$ 1,254,338 were made to beginning net assets of governmental activities/governmental funds and business-type activities/proprietary (enterprise) funds, respectively, in the government wide and fund financial statements. These adjustments included increases in fund balances due to overstatement of accrued compensated absences in several funds; and increases in net assets of the Enid Municipal Authority for accounts receivable due to an overstatement of the allowance for doubtful accounts and for capital assets (land) not recorded in the detail or general ledger, as well as other immaterial adjustments made to other funds.

Status – This condition still exists. Prior period adjustments were made for the fiscal year ended June 30, 2010 to the Enid Municipal Authority for the recognition of unbilled utility receivables; the Woodring Airport to record hangars as capital assets, as well as other immaterial adjustments made to other funds.

**2009-2 Cash reconciliations**

Condition – Bank reconciliations for several cash accounts, including pooled cash, as of June 30, 2009 were not performed until October 2009. On the pooled cash reconciliation initially performed in October, the cash balance per the general ledger did not reconcile with the adjusted bank balance. The reconciliation was subsequently revised in December 2009 and reconciled.

Status – This condition has been satisfactorily resolved.

**2009-3 Disbursements**

Condition – Not all supporting documentation for City credit card purchases was timely turned in to the Accounts Payable Clerk by City employees. Of the 15 credit card statements selected for review, 8 credit card statements did not always have City employees signed, itemized receipts or other acceptable form of documentation attached for support of the expenditure.

Status – This condition has been satisfactorily resolved.

**2009-4 Non-collusion affidavits**

Condition – Current non-collusion affidavits were not available for twenty-two (22) of the seventy-one (71) disbursements in our sample which required such affidavits.

Status – This condition has been satisfactorily resolved.

## **2009-5 Grants**

Condition – Grant revenues and expenses are supposed to be recorded using certain pre-determined account codes in each fund. Grant expenses are often miscoded when recorded. Grant match is not always properly recorded. Expenditures for one grant (\$131,265.90) were never claimed for reimbursement from the grantor.

Status – This condition has been resolved.

## **2009-6 Capital asset inventory**

Condition – Physical inventories were taken during fiscal year 2009 of the capital assets in the Transit and CDBG departments. Spot checks were also made in other departments, although a complete inventory of all City-owned capital assets has not been accomplished in several years.

Status – This condition has been resolved. The City adopted a policy whereby physical inventories will be taken each year of selected departments on a floating basis so that all capital assets will be inventoried over a two (2) year period.

## **Compliance**

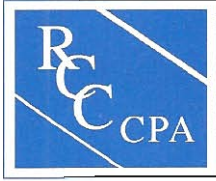
### **2009-7 Completion and filing of audit**

Condition – The City of Enid’s audit for the fiscal year ended June 30, 2008 was not completed and filed with the State Auditor and Inspector or the Federal Audit Clearinghouse until July 2009. The audit for the fiscal year ended June 30, 2009 was not filed until October 2010.

Status – This condition still exists. The audit report was not completed until August 2011 for the fiscal year ended June 30, 2010.

### **Federal Award Findings and Questioned Costs**

There were no matters reported in the prior year’s audit report.



## Ronald C. Cottrell, CPA

### **Independent Auditor's Report on Compliance with Requirements That Could Have A Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

August 25, 2011

City Council  
City of Enid  
Enid, Oklahoma

#### **Compliance**

We have audited the compliance of City of Enid, Oklahoma with the types of compliance requirements described in the OMB *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010. The City of Enid's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the City of Enid's management. Our responsibility is to express an opinion on the City of Enid's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about City of Enid, Oklahoma's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the City of Enid's compliance with those requirements.

In our opinion, the City of Enid complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

#### **Internal Control Over Compliance**

Management of the City of Enid is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the City of Enid's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing

## Ronald C. Cottrell, CPA

our opinion on compliance and to test and report on internal control in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of Enid's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the city council and management of the City of Enid, Oklahoma, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Ronald C. Cottrell, CPA*

**City of Enid, Oklahoma**  
**Schedule of Findings and Questioned Costs**  
**Years Ended June 30, 2010**

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**Section I – Summary of Auditor’s Results**

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*Financial Statements*

Type of auditor’s report issued:	Unqualified
Internal control over financial reporting:	
• Material weakness(es) identified?	Yes
• Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Noncompliance material to financial statements noted?	Yes

*Federal Awards*

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiencies identified that are not considered to be material weakness(es)?	None reported
Type of auditor’s report issued on compliance for major programs:	Unqualified
Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
14.218	Community Development Block Grants/Entitlement Grants – Cluster
20.106	Airport Improvement Program
20.509	Formula Grants for Other Than Urbanized Areas Cluster
66.468	ARRA – Capitalization Grants for Drinking Water-State Revolving Funds
81.128	ARRA – Energy Efficiency and Conservation Block Grant Program (EECBG)

Dollar threshold used to distinguish between type A and type B programs:	<u>\$ 300,000</u>
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Auditee qualified as low-risk auditee?	No
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**Section II – Financial Statement Findings**

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**2010 – 1 Financial Reporting Process**

Criteria – The financial reporting process should include proper internal controls over the accumulation and presentation of accounting data to ensure the preparation of accurate financial statements, and the review of those financial statements to ensure they reflect complete and accurate financial information.

Condition – The financial statements of the City of Enid as of and for the year ended June 30, 2009 included several errors that had to be adjusted in the current financial statements. These prior period adjustments are reflected in the accompanying financial statements and footnotes for the year ended June 30, 2010. Net adjustments totaling approximately \$ 2,275,912 were made to beginning net assets of business-type activities/proprietary funds in the government-wide and fund financial statements. These adjustments included increases in net assets of the Enid Municipal Authority for earned but unbilled accounts receivable and utility revenues, Woodring Airport for the estimated cost of old hangars not recorded, as well as other immaterial adjustments made to other funds.

Cause and Effect – The draft financial statements were not reviewed by City of Enid financial management and staff to the extent necessary to ensure that the financial statements accurately reflected the financial position and results of operations as of and for the year ended June 30, 2009, in accordance with accounting principles generally accepted in the United States of America. As a result, material misstatements were included in the financial statements.

Recommendation – The City of Enid should develop and implement procedures and controls for proper preparation and review of financial statements and related footnotes to ensure that the financial statements presented accurately reflect the financial position and results of operations of the City and its related entities in accordance with accounting principles generally accepted in the United States of America.

Management’s Corrective Action Plan – During the preparation and review of the 2010 financial statements, two adjustments were determined to have never been made before. One was for old airport hangars which had never been capitalized and the other was for unbilled utility accounts receivable. Both adjustments were made for 2010; however the size of the adjustment and their omission from prior year financial statements resulted in a material misstatement of prior year financials. Over the past two years, the City’s financial management has significantly improved their expertise and experience in preparing and reviewing the financial statements. The City believes that all material adjustments for 2010 have now been made and the financial statements are prepared in accordance with accounting principles generally accepted in the United States of America.

**2010–2 Completion and Filing of Audit**

Criteria – Oklahoma Statutes Title 11, Chapter 1, Section 17-105 states “The governing body of each municipality with an income of Twenty-five Thousand Dollars (\$25,000) or more to its general fund during a fiscal year shall cause to be prepared by an independent licensed public accountant or a certified public accountant, an annual financial statement audit....Copies shall be filed with the State Auditor and Inspector within six (6) months after the close of the fiscal year...” Also, Office of Management and Budget (OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, states “Non-federal entities that expend \$500,000 or more in a year of federal awards shall have a single or program specific audit conducted for that year....The audit shall be completed and the data collection form and reporting package

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shall be submitted within the earlier of 30 days after receipt of the auditor's report, or within nine months after the end of the audit period.

Condition – The City of Enid's audit for the fiscal year ended June 30, 2009 was not completed and filed with the State Auditor and Inspector or the Federal Audit Clearinghouse until October 2010. The audit for the fiscal year ended June 30, 2010 will not be filed until August 2011.

Cause and Effect – For the 2009 audit, the finance director attempted to make all the year-end adjustments, accruals, and reclassifications for the first time, after having been deployed overseas with the military during the fiscal year being audited. For the 2010 audit, the finance director again attempted to make all the year-end adjustments, accruals, and reclassifications, however, they were not completed in a timely manner to allow timely completion of the audit process and report.

Recommendation – The finance department should begin the year-end closing and adjustment process as soon as possible after the end of the fiscal year so that the audit fieldwork and report preparation can be completed before the required deadlines.

Management's Corrective Action Plan – The Chief Financial Officer will complete all 2011 year-end adjustments, accruals, and reclassifications by late September 2011, send the adjusted trial balance to the auditor by the end of September, and schedule the auditor to conduct the audit field work during October. He will complete any follow-up with the auditor in a timely manner and work with the auditor to complete the report by the end of December 2011.

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### **Section III – Federal Award Findings and Questioned Costs**

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No matters were reported.